FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,247 — Wednesday February 15 1984 — D 8523 B

'Pig-in-a-poke' poll method tests John Glenn, Page 3

NEWS SUMMARY

GENERAL

Iraq renews missile attacks

Iraq continued its missile attack on Iranian cities and warned it would destroy ships trying to enter ports at the head of the Gulf.

A Baghdad spokesman said the attacks were in response to "the criminal and barbaric acts committed by the Iranian regime," which left 22 dead in Monday's shelling.

The minister for Budget and Planning said plans for coping with the closure of the Straits of Hormuz, a vital oil route, had been presented to the Iraqi Cabinet. Page 4

German arms row

West Germany's Social Democrats, suspicious that licensing rules governing exports outside Nato are being evaded, are embarrassing Chancellor Helmut Kohl's Government with an attack on a possible tank deal with Egypt. Page 18

Shultz–Kinnock clash

Washington talks between U.S. Secretary of State George Shultz and UK Labour Party leader Neil Kinnock erupted into a diplomatic row over Central America and nuclear missiles, according to Mr Kinnock. Page 18

Nuclear criticism

State-owned British Nuclear Fuels, has been criticised by the UK Government for bad management at its Sellafield, Cumbria, plant for the second time in four years. Page 18

Argentine arrested

Leader of the Montonero guerrilla movement in Argentina, Sr Mario Firmenich, was arrested in Rio de Janeiro and will stand trial in Brazil to see whether he should be extradited to Buenos Aires. Page 3

Nkomo accusation

Zimbabwe opposition leader Joshua Nkomo told parliament that government troops murdered six black civilians near the southern Matabeleland village of Kezi on February 4.

China plans parade

China plans a full-scale military parade – the first since the 1960s – to mark the 35th anniversary of the communist republic.

Submarine search

Swedish navy dropped 10 depth charges on a suspected foreign submarine off the Karlskrona base, where a Soviet sub ran aground in November 1981.

700,000 homeless

Floods have made more than 700,000 people homeless in Sri Lanka, damaging 40,000 houses and disrupting road and rail transport.

UN makes appeal

The United Nations Human Rights Commission, in a rare individual appeal, called on Malawi President Kamuzu Banda to reprieve former Justice Minister Orton Chirwa and his wife, sentenced to death on treason charges.

Briefly . . .

British rock musician Elton John, 36, married German sound engineer Renate Blauel, 30, in Sydney four days after proposing.

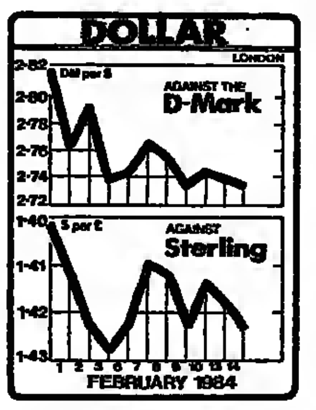
Pope John Paul will visit Canada for 12 days in September.

Anna Anderson Manahan, who insisted for more than 50 years that she was the Grand Duchess Anastasia, daughter of Russia's Czar Nicholas, died in Charlottesville, Virginia, aged 82.

BUSINESS

Dollar at 1984 low against D-Mark

DOLLAR fell from DM 2.7375 to DM 2.733, its lowest of the year, and to SwFr 2.229 (SwFr 2.2375) and Y234.25 (Y234.35), but rose to FFr 8.435 (FFr 8.42). Its Bank of England trade-weighted index, logged before the close, was unchanged at 130.1. Page 35



STERLING rose 55 points to $1.4235, and to DM 3.6925 (DM 3.885), FFr 12.005 (FFr 11.94) and Y333.75 (Y332.5), and was unchanged at SwFr 3.175. Its trade weighting was up from 81.8 to 81.8. Page 35

GOLD rose $2.5 in London to $379.75. In Frankfurt it rose $0.5 to $377.25 and in Zurich it rose $7.5 to $384.25. Page 34

WALL STREET: Dow Jones Industrial average closed 13.71 up at 1,163.84. Report, Page 25. Full share prices, Pages 26–28

LONDON: FT Industrial Ordinary index rose 9.1 to 812.1. Some Government securities showed marginal gains. Report, Page 29. FT Share Information Service, Pages 30, 31

TOKYO: Nikkei Dow index fell 132.69 to 9,830.47, and the Stock Exchange index dropped 11.79 to 762.28. Report, Page 25, Leading prices, other exchanges, Page 28

BRITISH CALEDONIAN beat British Airways for UK permission to run the first scheduled air service to Saudi capital Riyadh.

EUROPEAN Commission said it could not approve Belgian Government plans to subsidise the country's textile industry. Page 18

U.S. retail sales rose 2.2 per cent in January, a stronger gain than expected. Page 3

INDIA is resisting last month's reallocation of World Bank voting rights from 3.9 per cent to 2.9. Page 4

EAST GERMANY lifted curbs against non-essential imports from the West. Page 6

PERU plans to cut its budget deficit to 3.6 per cent of gross domestic products this year, from 10 per cent in 1983. Page 3

JAPANESE tyre group Sumitomo Rubber, bidding to take over French operations of Dunlop, plans to cut the workforce by a third. Page 19

WESTERN UNION, the U.S. telecommunications group, reported a $125.8m fourth quarter loss and a $59.1m loss for the year. Page 19

SAINT-GOBAIN, the French state-owned industrial group, plans to raise the equivalent of $91m through an issue of non-voting loan stock denominated in European currency units. Page 36

TOYOTA MOTOR, Japan's largest car maker, reported record pre-tax profits of Y231bn ($987m) up 20.6 per cent, for the half year to December. Page 20

SWEDISH banks Skandinaviska Enskilda Banken and Svenska Handelsbanken reported record profits last year. Details, Page 19

CHERNENKO GREETS WORLD LEADERS

Bush and Thatcher move to improve Soviet relations

BY ANTHONY ROBINSON IN LONDON

Mr George Bush, the U.S. Vice-President, and Mrs Margaret Thatcher, the British Prime Minister, spearheaded a diplomatic effort to persuade the Soviet Union of the West's desire for improved relations when they met the new Soviet leader, Mr Konstantin Chernenko, yesterday.

The meetings, two of a series of bilateral encounters in the Soviet capital, took place in the Kremlin after the burial of Mr Yuri Andropov in Red Square.

Immediately after the funeral, a long line of world leaders filed through the Kremlin's gilded St George's Hall to be greeted personally by Mr Chernenko, flanked by Mr Andrei Gromyko, the Foreign Minister, and other Soviet officials.

Unlike Mr Andropov, who after the death of his predecessor, Mr Leonid Brezhnev, told East European leaders that he would meet them later, because he wanted to use the opportunity to make contact with Western and other leaders, Mr Chernenko started his meetings by gathering together all six Warsaw Pact leaders.

The presence of both Marshal Dmitri Ustinov, the Defence Minister, and economic specialist Konstantin Rusakov as well as Prime Minister Nikolai Tikhonov at this gathering suggested that the question of the long delayed Comecon summit meeting and the deployment of new Soviet missiles in Eastern Europe were probably on the agenda.

Having reviewed the state of relations with the Soviet Union's allies, Mr Chernenko moved on to greet Western envoys.

Mr Bush said after his 30-minute meeting with Mr Chernenko and Mr Gromyko that he would be going back to Washington to tell President Reagan that the new Soviet leader "agrees about the need to place our relationship upon a more constructive path."

The Vice-President handed Mr Chernenko a personal letter from President Ronald Reagan, conveying "the President's determination to move forward in all areas of our relationship with the Soviets."

In contrast to the stumbling, nervous impression made by Mr Chernenko during his public appearance on top of the Lenin mausoleum, he was described by Mr Bush as "gracious" in his private meeting.

"We felt the mood was good, the spirit of the meeting was excellent and non-polemical," he added.

Herr Helmut Kohl, the West German Chancellor, even described the new leader as "humorous and open" after what he termed "a very concentrated half-hour," free of mutual recrimination. The Chancellor renewed the invitation to visit West Germany originally extended to Mr Andropov. Herr Kohl added that he gained the impression there would

Continued on Page 18

Funeral details, Page 2

Gemayel forces suffer further setback

By Patrick Cockburn in Beirut and Our Foreign Staff

THE LEBANESE army said last night that it had been forced to "redeploy" its troops in the mountains overlooking Beirut following a fierce 18-hour battle with Druze militia. This action was seen in Beirut as a further serious setback for President Amin Gemayel's forces, which over the past year have been rearmed and retrained with the support of the U.S.

The Druze offensive appeared to be aimed at widening the slice of land known as the Chouaifete gap which links them to their Shia Moslem allies in south and west Beirut.

Two ageing Hawker Hunter aircraft of the Lebanese air force made several bombing runs over the advancing Druze militia, said by opposition spokesmen to number at least 3,000. But they were unable to stem the offensive against the Fourth Brigade of the army, already weakened by troop defections.

The U.S. destroyer, Admiral Claude V. Ricketts, fired 11 rounds in support of the army but was not joined by the far bigger guns of the battleship New Jersey.

In Washington, U.S. officials said that the Soviet Union had tentatively agreed to the formation of a UN peacekeeping force for Beirut, but only on condition that President Ronald Reagan withdrew both the marines onshore and the warships stationed offshore.

Although Mr Reagan has said he plans to redeploy the 1,400 marines around Beirut airport to the Sixth Fleet, officials said yesterday they considered it unlikely that he would now withdraw the ships from Lebanese waters.

President Reagan yesterday met President Hosni Mubarak of Egypt for talks about the Lebanon crisis and wider Middle East peacemaking efforts. The two men were then due to have lunch with King Hussein of Jordan, who held separate talks with Mr Reagan on Monday.

In New York, France requested a meeting of the UN Security Council, and Sir Geoffrey Howe, the British Foreign Secretary, called for a wider UN role in a speech read on his behalf in London.

A UN spokesman said private consultations would begin in the morning. France has not made any plans to withdraw its troops from Lebanon, where they form part of the three-nation peacekeeping

Continued on Page 18

Iran threatens ships, Page 4

Brussels may reverse policy on shipyards

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

EEC countries will be able to increase aid to their crisis-hit shipbuilding industries, if member states accept proposals made to the EEC Commission. But they will also have to agree to additional capacity cuts in line with the depressed world market.

Current EEC policy is that governments should try to bring down aids to the industry gradually. But officials feel the crisis has become so grave at European shipyards that this principle must be suspended.

Last year, EEC yards won few new orders. Japan and South Korea gained most of the business at low prices. The state of the industry, and continued Japanese dominance, is also being raised at this week's EEC-Japan trade talks in Tokyo.

The aid proposal to the Commission by Mr Frans Andriessen, the commissioner for competition policy, provides for the extension for two more years of the Fifth Directive, which governs shipbuilding assistance.

The emphasis, however, would be shifted to allow countries temporarily to grant more help to finance capacity cuts and new investment at remaining yards. The directive has already been extended once, for two years until the end of 1984.

It had been intended to follow this directive with a sixth aimed at ending aids altogether. But EEC officials concerned with competition and industrial policy now feel special measures are needed.

EEC yards are seen as experiencing an acute crisis of their own within the general malaise of world shipbuilding. Only by shedding more capacity and making what remains as competitive as possible, it is argued, can there by any hope of survival.

Under the Andriessen proposal, governments could provide more funds to subsidise orders through narrowing the price gap with Asian yards. In the UK, for example, the level of such intervention fund money, which is now 15 per cent of a ship's price, could thus be lifted to more than 20 per cent.

Also being discussed in Brussels is a home credit scheme under which EEC shipowners would receive finance at special terms for ordering in any EEC yard.

EEC countries have cut shipbuilding capacity sharply. In the Netherlands the industy has almost disappeared while West Germany is carrying out a drastic programme of restructuring.

Scott Lithgow workforce threat, Page 7; Energy Review, Page 8

CGE wins large role in Asia-France cable link

BY JASON CRISP IN LONDON, DAVID MARSH IN PARIS AND CHRIS SHERWELL IN SINGAPORE

TWO French companies, part of the nationalised Compagnie Générale d'Electricité (CGE), the major portion of a contract to lay an 8,000 mile submarine telecommunications cable linking Singapore and France which will cost $400m.

Britain's Standard Telephones and Cables (STC), NEC of Japan and an Austrian subsidiary of Siemens have also won contracts to supply parts of the cable. Submarcom, the joint underwater cable division of Cables de Lyon and CIT-Alcatel, has won contracts worth $237m to supply five of the eight sections.

The eight sections of the cable, which will be jointly owned by 20 telecommunications authorities, will run from Singapore to Indonesia, Sri Lanka, Djibouti, Saudi Arabia, Egypt, Italy and France. STC, which has the largest share of the world's submarine cable market, is to lay the link between Djibouti and Jeddah, which is worth £30m ($42m).

The new cable, which is expected to be completed in 1986, will be the first undersea link between East Asia, the Middle East and Europe. Two other major cable systems in the Far East worth over £200m are expected to be awarded in the next few months. These will link Singapore, Indonesia and Perth and Singapore, Hong Kong and Taiwan.

Four companies compete for the major undersea cable contracts; STC, Submarcom, NEC and Western Electric of the U.S. Western Electric recently won the largest share of a $335m contract to lay a new transatlantic cable using optical fibres. AT & T, Western Electric's parent company, owns the largest share in the cable. STC and Submarcom will also supply part of the system.

STC has claimed to have up to 60 per cent of the world market for submarine cables but this share will have fallen after its failure to win more than a small part of the two most recent large contracts. STC is now completing an 8,000-mile cable between Australia and Canada which was worth £170m in 1981.

The submarine cable business has continued to grow in spite of the widespread use of satellites for carrying international telephone traffic. Cables are more secure and last longer than satellites.

IBM and CBS join in US videotex venture

BY PAUL TAYLOR IN NEW YORK

CBS, IBM and Sears Roebuck yesterday announced the formation of a joint venture to begin development of a commercial videotex service for home computer owners in the U.S.

Videotex, which was pioneered in the UK by British Telecom's Prestel system, is a two-way interactive service which allows consumers to call up a wide selection of information such as news, financial data and weather reports, send messages and perform two-way transactions such as home banking or shopping.

The joint venture brings together three powerful companies in the information and information processing fields, and represents a major step in the emerging U.S. market for videotex.

A number of companies including CBS, AT&T and Knight-Ridder have already experimented with videotex services. Last October Knight-Ridder became the first U.S. company to offer a commercial service starting in Florida.

CBS, which undertook two field tests of a videotex service with AT&T between October 1982 and April last year, said yesterday that the new joint venture grew directly out of those tests.

In a joint statement yesterday CBS, IBM and Sears said the partnership had been formed "to address a business opportunity that can use the special expertise of the three companies to realise the full potential of videotex."

The three companies said plans for the service were still "in the formative stage" and added that the service was not likely to be available for several years.

Esso France plans new 25% reduction in refining capacity

BY PAUL BETTS IN PARIS

ESSO SAF, the French subsidiary of the U.S. Exxon oil group, is planning to reduce its current refining capacity in France by a further 25 per cent.

The company envisages reducing its refining output in France from between 300,000 and 320,000 barrels of oil a day to about 240,000 to 220,000 b/d.

Esso SAF is one of the largest refiners in France after the French Elf-Aquitaine and Total oil groups. It has already reduced refining output last year in the face of overcapacity in the industry and an unfavourable fixed price system for petroleum products in France.

Once again, problems in the domestic refining business will be the main reason for Esso SAF's expected losses for 1983, although M Michel Kopff, president of the French Esso subsidiary, indicated yesterday that the deficit would be smaller than in 1982.

Esso SAF reported a net loss of FFr 54m ($6.4m) in 1982 for the first time in its history. In the first half of last year, the Exxon subsidiary reported a higher loss of FFr 307m despite profits from its domestic exploration activities.

Mr Kopff said yesterday that Esso intended to maintain a refinery industry in France but warned that the French Government must create the economic conditions to allow the refinery industry to survive.

This month the French Government restored the market value of the U.S. dollar in its oil price fixing formula. The refinery industry had caused a storm last year when the Government decided to fix artificially the parity of the U.S. dollar against the French franc below its market value in its oil price fixing formula. The move was part of Government attempts to hold down the rate of consumer price inflation in France.

Esso was among the first oil companies to react against the French Government move on the formula by announcing a reduction in its French refining capacity and threatening a major review of its investments in the country.

M Kopff yesterday said that Esso was planning further downstream investments in France but their timing would depend on government policies towards the French refining industry.

Despite its refining losses in France, Esso SAF has been a star on the Paris Bourse during the past 12 months. The 81.5 per cent owned Exxon subsidiary has been at the centre of major stock market speculation because of its recent oil discovery in the countryside outside Paris. It expects the new Chaunoy field to produce about 5,000 b/d next year and 4,000 b/d this year.

Although this is modest by international oil industry standards, the Chaunoy oil is extremely good quality 37 degree API crude and highly profitable for the Exxon subsidiary. The Exxon subsidiary produced nearly 1m tonnes of crude, about 20,000 b/d, in France last year.

Oil industry merger fever, Page 19

CONTENTS

Andropov laid down beside another era's secret service chief

BY ANTHONY ROBINSON

YURI Vladimirovich Andropov, the former KGB chief who rose to supreme power too late to stamp his imprint on the Soviet Union, found a fitting last resting place yesterday. He was buried in a grave next to "Iron Felix" Djerzhinski, founder of the KGB's forerunner, the feared revolutionary secret police agency, the Cheka.

His red and black draped coffin was carried by soldiers out of the green and white pre-revolutionary House of the Nobility, where he had lain in state since Thursday, into the crisp Moscow winter sunlight.

The city centre, closed to traffic, was silent. The gun carriage preceded by an armoured car drove slowly into the vast curved space of Red Square, lined with ceremonial troops and KGB security men and waiting foreign leaders from more than 60 countries.

Mr Andropov's grieving widow Tatyana, flanked by son Igor and daughter Irina, followed on foot in a small group behind the coffin which was preceded by army officers carrying portraits and the medals of the dead leader.

As the clock on the Kremlin's Spassky tower finished striking noon, Mr Konstantin Chernenko, flanked on the top of the red mable Lenin mausoleum by top military leaders and politburo members, began his first public speech as the new leader.

It was not an auspicious beginning. Clearly nervous, Mr Chernenko, looked small and slightly hunched between the ample girth of Marshal Dmitri Ustinov, the Defence Minister, in his grey uniform and Prime Minister Nikolai Tikhonov on his left. He spoke hurriedly and fluffed his lines on several occasions. His voice, magnified by the microphones sounded rather breathless and later he had difficulty keeping his hand raised in salute.

Inevitably, the mind flashed back to the similar scene 15 months ago when Yuri Andropov made his debut on the world stage with a crisp confidently delivered eulogy. The content of both speeches was markedly similar however, a mixture of praise for the dead leader, promises to strengthen the country's military and economic might, coupled with a declaration of willingness to negotiate.

Mr Chernenko praised Mr Andropov as a "leader of the Leninist type" and added, in a passage clearly aimed at the visiting dignitaries "we now stress our readiness for a realistic and honest dialogue."

But Mr Chernenko's mode of delivery not only contrasted poorly with that of his predecessor, it also paled beside the sonorous words delivered in quick succession by Marshal Ustinov and Mr Andrei Gromyko, the Foreign Minister, a man with nearly 40 years' experience of representing Soviet views to the world.

As the other leaders spoke, Mr Chernenko shuffled nervously and sniffed loudly. Marshal Ustinov stressed the role played by Mr Andropov in strengthening the might of the Soviet armed forces. Mr Gromyko used the opportunity to repeat the standard Soviet proposals for a pledge on non-first use of nuclear weapons and a nuclear freeze. He, too, called for a dialogue with the West, while underlining that the Soviet Union would continue to resist any attempt to alter the existing balance of power.

"We hope that Western countries will now work with us for peace," Mr Gromyko added.

The orations over, Mr Chernenko led his colleagues down the steps of the mausoleum and took his place on the left hand side of Mr Andropov's still open coffin as it was carried by military officers to the small burial ground beneath the Kremlin wall.

Significantly the man who supported the right hand side of the coffin at the front was Mr Mikhail Gorbachev (52) who, along with Mr Grigori Romanov (61), was passed over this time round.

Then occurred the only human moment in the elaborate ritual performance. Mrs Andropov, veiled and tearful, was led to the coffin, bent down to kiss the forehead of her late husband and gently stroked his brow.

Soviet television then switched abruptly from the scene, thus avoiding the risk of the incident which marred Mr Brezhnev's funeral when soldiers lowering the coffin let the ropes go too early and Mr Brezhnev hit the ground with a bang which sounded like a shot.

Finally, the dignitaries trooped back to the top of the mausoleum as squads of immaculate soldiers, sailors and airmen goose-stepped past to a stirring military march which contrasted sharply with the slow dirge of Chopin's funeral march which had earlier echoed majestically around the square.

The Chernenko era had begun.

Mr Chernenko (centre) and Mr Gorbachev (far left) head Politburo members flanking the dead leader's coffin

European economies too rigid, OECD told

By David Housego in Paris

INDUSTRIALISED nations found common ground yesterday in the difficulties their economies are meeting in adapting to technological change.

M Jacques Delors, the French Finance Minister, who initiated the two-day special ministerial session of the Organisation for Economic Co-operation and Development (OECD) said in summing up that virtually all countries were experiencing a resistance to change connected with the rigidities of their economies. Saying that Europe had much less flexibility than Japan, he pointed to rigidities of public sector spending and of the labour and capital markets.

Mr Beryl Sprinkel, the U.S. under secretary of state for monetary affairs, who headed the U.S. delegation in the absence of Mr Donald Regan, Treasury Secretary, said that there had been more consensus at the meeting than he would have expected even a short while ago.

Delegates generally agreed on the need to curb public spending, cut budget deficits and roll back direct and indirect barriers to trade.

Mr Sprinkel said that he had noticed a growing interest in Europe in creating incentives and reducing rigidities. He said that Europe had fallen way behind the U.S. in the number of jobs created.

Both Mr Sprinkel and Mr Martin Feldstein, chairman of the Council of Economic Advisers, emphasised the determination of the U.S. to reduce its budget deficit. Mr Sprinkel said that there was no difference of view in Washington on this point though there were differences on how to achieve it.

He said that the reaction at the conference to his statements on the budget had been favourable though he was not certain there was widespread conviction that progress could be made this year.

French strikes at 18-year low

By David Marsh in Paris

FRENCH INDUSTRY, although beset by well-publicised difficulties in the car, steel and shipbuilding sectors last year, chalked up a striking record for not striking.

The number of working days lost through labour stoppages in industrial and commercial companies during 1983 dropped to 1.48m, the lowest annual total since 1965, according to statistics published by the Social Affairs Ministry.

The figure is marginally below the 1.5m days lost in 1981 when the Socialist Government came to power, and well down from the 2.3m total in 1982.

Move to ban chemical arms

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN HAS submitted new proposals to the UN's Conference on Disarmament (CD) in the hope of speeding negotiations on an international chemical weapons ban.

The proposals suggest detailed methods of verifying such a ban. Verification has so far proved a major technical and political obstacle to an agreement.

Mr Richard Luce, Minister of State at the Foreign Office, yesterday submitted a working paper to the CD in Geneva which, in addition to procedures for mandatory inspection of the destruction of chemical weapon stockpiles and production facilities, also proposes additional "challenge" procedures.

These, Mr Luce indicated, would be designed to investigate any doubt about compliance which routine inspections failed to solve.

The challenge procedures, which have the backing of Nato, would be designed to build international confidence in an international convention, Mr Luce told the conference.

He urged the Soviet Union and its allies to accept the new procedures, which would not, as the Warsaw Pact seemed to think, endanger their security but would "actually strengthen the prospects of greater trust and agreement between the two sides."

A chemical weapons ban is the major disarmament proposal currently before the CD, whose name was changed from Committee on Disarmament earlier this year.

The use of chemical weapons in warfare is already banned under a 1925 convention, but efforts to negotiate a ban on stockpiling and production have failed over the differing views between East and West on verification.

Spending plan for Ireland

By Brendan Keenan in Dublin

AN EEC report publisoed yesterday recommends a £110m ($155m) development programme for the area around the border between the Irish Republic and Northern Ireland. The report was prepared by the Economic and Social Committee of the EEC and one of its members suggested that the cost of the programme should be borne equally by the British and Irish Governments and the EEC.

The main recommendation is for the establishmeol of an industrial development loan covering the Londonderry, East Donegal and Strabane area.

Kohl-Honecker talks raise hopes

BY LESLIE COLITT IN BERLIN

THE FIRST meeting between the two German leaders, Herr Helmut Kohl of West Germany and Herr Erich Honecker of East Germany, which took place in Moscow, is viewed as being highly auspicious in both countries.

A joint statement issued after the two-hour meeting late on Monday said the two German states believed that a political dialogue between East and West was highly important "especially at this time." It was necessary to follow a path of common sense and seek practicable solutions in the interest of peace, the two leaders noted.

Herr Kohl and Herr Honecker said the most pressing problem was to stop the arms race and to limit and reduce weapons. They noted that the peaceful "co-existence and co-operation" of both German states had a favourable influence on the situation in Europe. The statement reflected the widespread belief in West and East Germany that their political dialogue which was maintained as relations deteriorated between Moscow and Washington was a turning point in post-war inter-German relations.

East German television and newspapers gave the Kohl-Honecker meeting a prominence which was second only to that given Mr Konstantin Chernenko and the respects paid to his predecessor. A beaming Chancellor was shown next to a smiling East German President who called their talks "excellent."

● East Germany reduced its net debt to Western banks so sharply over the past 16 months that West German officials believe it no longer needs to approach West German banks for a large loan this year in order to maintain liquidity.

East Germany is said to have lowered its net indebtedness to Western banks by nearly $2.5bn between September 1982 and the end of last year when its net debt was $4.7bn, according to the officials.

West German bankers, however, noted that East Germany could certainly use a loan but that there was little willingness to provide a Euroloan to East Germany either by the subsidiaries of West German banks in Luxembourg or by other Western banks.

A confidential Bonn Goveroment review of East Germany's debt situation, cited in the Frankfurter Allgemeine newspaper, said East Germany had some $4bn to repay this year. West German officials were said to feel that East Berlin could punctually meet its obligations without much difficulty.

The $4.7bn net debt does not include East Germany's cumulative trade indebtedness to West Germany which fell last year to the equivalent of some $1.5bn

Ex-Premier of Poland denies accusations

By Christopher Bobinski in Warsaw

MR PIOTR JAROSZEWICZ, Poland's Prime Minister in the 1970s, whose trial before a newly formed tribunal of state is due to start today, has rejected the charges of economic mismanagement and said that the whole leadership at the time, including Gen Wojciech Jaruzelski, were reponsible for any decisions taken.

On Monday, the Polish Parliament voted to have Mr Jaroszewicz and Mr Tadeusz Wrzaszczyk, the chief of the planning commission between 1975 and 1980, appear before the tribunal accused of permitting excessive investment, an excessive growth of the foreign debt, and keeping the true state of the economy a secret from parliament, people and their colleagues.

The tribunal can only symbolically censure the two men because the alleged offences were committed before it and the accompanying legislation was passed.

Mr Jaroszewicz wrote to parliament on January 14 that the charges "ignore the fact that in Poland and other Communist countries political and government decisions and the responsibility for them are shared."

The case, which is a great embarrassment to the present authorities, and which they are no doubt hoping will end quickly and with a minimum of fuss, stems from widespread demands in 1980 and 1981 that the men responsible for the economic collapse of the country be brought to trial. These demands still cannot be wholly ignored, if the present leadership is to retain a modicum of credibility.

But the absence of Mr Edward Gierek, the party leader at the time who was ultimately responsible for policy, has not only apparently enraged Mr Jaroszewicz, but also underlined the anomalous position of the Communist Party in the structure of power. The tribunal can try Government officials for contravening the law, but not party officials, who, while they hold power, have no formal place in the administrative structure.

The indictment as approved by Parliament on Monday carefully stresses that Mr Jaroszewicz and Mr Wrzaszczyk are being tried for their personal responsibility for those offences. This is designed to prevent the trial from being turned into a test of the political system and to permit accusations of co-responsibility, such as Mr Jaroszewicz has already made, to be readily dismissed by the tribunal.

The two men can be expected to defend the record of the 1970s, a task made easier on investment policy because last year the Polish Government restarted many of the projects approved before 1980, a point Mr Wrzaszczyk will no doubt make.

Craxi visit to Austria marks a turning point

BY PATRICK BLUM IN VIENNA

THE VISIT to Vienna by Sig Bettino Craxi, Italy's Prime Minister, which starts today, is seen as marking a turning point in relations between the two countries.

Sig Craxi's visit to Austria, the first by an Italian prime minister for over a century, is also the first since Italy's annexation of the German-speaking South Tyrol in 1919. The move was agreed by the allies to repay Italy for its support during the war.

Some 240,000 German-speaking people, living in a province where they represented over 90 per cent of the population, were handed over to Italy, creating a persistent source of conflict between the twn countries.

That conflict has occasionally broken out into violence. A spate of terrorism by German-speaking nationalists in the early 1960s, with accusations of Austria's complicity from Italy and of excessive reaction by Italian police from Austria, brought relations between the two countries to a post-war low.

After protracted and difficult negotiations a settlement which met with the approval of the South Tyroleans, guaranteeing equal rights and a degree of autonomy, was finally agreed in 1969.

Some problems remain on the use of German in dealings with the police, the courts and administration – under Mussolini, German was suppressed in all spheres of life and Italian remained the only official language after the war – and over greater control over local finances and taxes.

None of these issues are on the agenda in recognition that for Italy these are internal and not international matters. But all will be touched upon by Sig Craxi and his Foreign Minister during their meeting with Chancellor Fred Sinowatz.

Italian officials in Vienna have indicated that there would be no negotiation but an exchange of views on South Tyrol. International topics for discussion will include East-West relations, disarmament and the Middle East.

On the Austrian side, it is hoped that discussions will help progress in other areas, notably trade and communications.

Italy is Austria's second largest trading partner. In the past decade, trade between the two countries has favoured Italy, with a worsening of Austria's deficit since 1981. For the first 11 months of 1983, Austrian imports from Italy were worth Sch 28.3bn ($1.46bn) while exports reached only Sch 22.5bn.

The Austrians also hope for a reduction in the transit fee raised by Italy on oil brought by pipeline to Austria via Trieste. In 1982, 585,000 tonnes of freight and over 6m tonnes of oil reached Austria

Banco Ambrosiano affair close to settlement

BY OUR ROME CORRESPONDENT

SIG GIOVANNI GORIA, the Italian Treasury Minister, yesterday gave the first official confirmation that a settlement of the debts of the defunct Banco Ambrosiano is close.

He told the Senate that "it appears reasonable to expect an early conclusion" of negotiations between the foreign creditor banks of Banco Ambrosiano, the liquidators of the bank and representatives of the Istituto per le Opere di Religione (IOR) the Vatican Bank, on a financial settlement.

The minister, who was making the first government statement on the affair since October 1982, said that the Government wanted to bring the IOR under the control of Italy's monetary authorities. This was necessary to avoid such an occurrence happening again. The Milan-based Banco Ambrosiano crashed owing $1.3bn (£929m) in loans guaranteed by the IOR to dummy companies abroad.

Sig Goria suggested that the IOR, which is based in the Vatican, might establish a branch on Italian territory as a foreign bank which would be under the control of the Bank of Italy. This would enable the central bank to obtain information on the parent bank, something which it had not in the past been able to do.

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AMERICAN NEWS

Peru plans budget deficit reduction

By Peter Montagnon, Euromarkets Correspondent

PERU IS to slash its bndget deficit to 3.8 per cent of gross domestic product this year from 10 per cent last in an effort to reduce inflation and restore economic growth.

In a letter to the International Monetary Fund circulated to commercial bank creditors this week, the Government said its policies should lead to an average growth rate of more than four per cent this year and next compared with a 5 per cent decline in real economic output last year. Inflation should fell to about 50 per cent by the last quarter of this year from 125 per cent in 1983.

Cuts in the budget deficit are "a major element" in the deceleration of inflation, according to the letter which is signed by Sr Richard Webb, Central Bank Governor, and Sr Carlos Rodriguez Pastor, Finance Minister. Next year, the deficit is to be cut further to 2 per cent of GDP.

The cuts have been agreed with the International Monetary Fund in support of Peru's request for a SDR 250m ($260m), 18 month standby credit. Peru is also seeking a $2.6bn rescheduling package from commercial banks to cover its needs for this year and next.

This year government spending is to be cut to 18.3 per cent of GDP from 20.6 per cent last year despite extra finance needed to reconstruct areas of the country ravaged by floods and drought early last year. At the same time new tax measures are being introduced to raise revenues by two per cent of GDP.

On the revenue side, rice prices are to be increased monthly to eliminate the deficit of the state-owned rise marketing agency, while from this month the prire of gasoline will be beld to the local currency equivalent of $1.10 per gallon through monthly adjustments.

Such basic price changes are likely to lead to an acceleration of inflation in the short run, but public sector wages will be beld down, with the total bill dropping by 0.7 per cent of GDP this year, the letter said.

The temporary import surcharge introduced in 1982 is to be phased out with the substitution of alternative revenues beginning next year.

Iowa pollsters enlist a pig in a poke to test Glenn

Reginald Dale, U.S. Editor, reports from mid-west farming country on the first test of election year

SENATOR JOHN GLENN of Ohio sat awkwardly on a bale of straw in an Iowa barn explaining how he would support farm incomes if be were elected President. He looked slightly frail and oot of place in crumpled town clothes and muddy sboes at the centre of a small circle of local farmers in their best overalls and baseball caps.

A few minutes earlier, Mr Glenn had been handed a day-old pig—an event that almost totally dried up his always hesitant small talk. He then inspected an unimpressed groop of cows and hogs before making his way across the sloshy farmyard to the barn, which had been turned into a makeshift TV studio. Cameramen and pbotographers literally hung from the rafters, to the unease of Mr Glenn's small posse of Secret Service bodyguards.

His farm audience, all Glenn supporters, were impressed with their candidate—honest, caring, sincere, sensible, and ordinary were the words used to describe him afterwards. They sbared the fairly widely held view that he stands a better chance of beating President Ronald Reagan in November than the Democratic front-runner, the more "liberal" former Vice-President Walter Mondale. Asked if Mr Glenn's early career as an astronaut had been a factor in her choice, a farmer's wife replied smartly "don't insult my intelligence."

Mr Glenn, however, is not thought to be doing very well in Iowa, which on Monday becomes the first state to start the formal process of selecting this year's Democratic presidential challenger. Part of the reason is that be shows little enthusiasm for the kind of down-to-earth campaigning that calls for televised introductions to day-old piglats. "He seems to find it grubby," says Dr Sam Patterson, one of Iowa's leading political experts.

Glenn . . . finds down-to-earth campaigning grubby

Iowa elects its delegates to July's Democratic national convention—whicb officially nominates the party's presidential candidate — througb an elaborate process of local meetings, known as precinct caucuses, county and district conventions and finally a state convention to be held in the capital, Des Moines, in June. Tbe wbole procedure takes almost four months. Voters in primary states like New Hampshire, which holds the first primary on February 28, express their opinions in a single trip to the polling station.

Campaigning in Iowa is generally considered to require mnch more personal contact, local organisation, telephone calls to potential supporters and a readiness to drop by for a chat and a beer. What counts for a candidates political fortunes is not the final delegate tally endorsed at the state convention, but the score sheet of popular presidential preferences that will emerge from next week's caucuses.

Until recently, few people outside Iowa took much notice of the caucuses—the New Hampshire primary was regarded as the first major national test of election year. But in 1976 an unknown called Jimmy Carter swept the caucuses, thanks to painstakingly prepared organisation, and took the first step on the road to the White House. In 1980, Mr George Bush, now Vice President, gave a major boost to his early campaign by defeating a certain Mr Ronald Reagan.

With eight contestants in this year's Democratic race, tha entire state of Iowa has accordingly in recent weeks become a backdrop for endless television programmes snd newspaper analyses. The press crawls over the gently sloping, snowswept farmland, sometimes hreaking trees and fences in the process, and most Iowans actually welcome the intrusion. They are hospitable, pleased by the attention given to their state and proud that their opinlons and their special hrand of grassroota democracy are at tha centre of so much national and international interest.

At 8 pm on Monday, Iowans of hoth parties will gather in schools, public libraries and private homes in each of the state's 2,495 precincts, or polling areas. In some cases both parties will meet in the same building, one upstairs and one downstairs, but all the attention will be on the Democrats. The Republicans bave to start the process of aelecting delegates for their own national convention, in Dallas in August, but Mr Reagan is unopposed for the party's nomination.

Participants at a Democratic caucus will bave to prove that they are registered Democrats (or sign up on the spot) and then undergo a series of exceedingly complicated procedures. They will he presented with folders containing appeals for financial contributions and lists of candidates for offices ranging from county clerk to congressman; they will elect local committee and caucus officials and pass resolutions on issues from the nuclear freeze to ahortion, for onward transmission to the county convention, the next stage of the policy-making process.

The crucial moment, however, comes when they are asked to divide into easily identifiable presidential preference groups in different parts of the room. Any group amounting to less than 15 per cent of those present will then be eliminated and its members can join other groups until delegates to the county convention can ha selected in proportion to the relative size of each grouping. The number of eacb caucus'a delegates depends on the strength of the precinct's Democratic turnout in recent elections—and everyone can see clearly wbo their friends and neighbours have voted for.

The system itself is prone to producing surprises—and the Iowans themselves have a reputation for political unpredictability—but polls so far put Mr Mondale well in the lead. A survey by the Des Moines Register last month gave Mr Mondale 45 per cent support among those who said that they were likely to vote in the caucuses, against 21 per cent for Mr Glenn.

Senator Alan Cranston of California, Senator Gary Hart of Colorado and former Senator George McGovero of Sooth Dakota each got 6 per cent and the Reverend Jesse Jackson 4 per cent. Mr Reubin Askew of Florida and Senator Fritz Hollings of South Carolina brought up the tail with respectively 1 per cent and zero.

But over half the potential caucus participants have apparently not yet made up their minds—perhaps owing to the lack of excitement that this year's contest has so far generated—a factor that makes the Mondale camp a little nervous about the opinion polls.

Mr Mondale, it is generally agreed, has to win well if he is to maintain the momentum he has built up through his powerful organisation. Deft manipulation of party levers and a string of impressive endorsements. He plans to have notched up a full 28 days campaining in Iowa hy caucus day and spent the maximum $676,000 allowed.

The Mondale team say that they expect Mr Glenn to come second, altbougb both Mr Cranston and Mr Hart are snapping at his heels. For "second-tier" candidates like Mr Hart and Mr Cranston, the aim is to make a good enough showing in Iowa, preferably winning at least third place, to maintain a credible candidacy at national level.

Mr Mondale's campaign staff said that the main issues raised by the voters have been the

plight of those on the lower rungs of the economic ladder, the problems of small businesses, interest rates and the tax hurden on the average Iowa working family. Abortion on which the Iowa Democratic party is sbarply split, and nuclear disarmament are other major areas of concern.

Farm policy, however, is of overriding importance. Iowa is the nation's largest pig producer and the biggest grower of maize. It is heavily dependent on exports of farm produce and equipment. There is no city in the state with more than 200,000 inhabitants, and eight ont of 10 jobs depend in some way on agriculture—although only 12 to 14 per cent of the state's 3m virtually all-white population actually live on farms. Iowa divides roughly into one third Republican, one third Democrat and one third indcpendent, and fairly closely follows the national liberal - conservative breakdown.

Iowans are far from being country bumpkins—the state has the highest literacy rate in the U.S. and its people are sophisticated and used to foreign travel. But no politician wbo wants to be taken seriously here can avoid getting his bools dirty down by the hog-pen.

Strong U.S. January retail sales recovery

By Stewart Fleming in Washington

RETAIL sales in the U.S. rose 2.2 per cent in January, a much stronger gain than many economists had been expecting. The December gain of only 0.1 per rent led some economists to suggest that consumer spending was running out of steam. The January rise, however, probably overstates the underlying strength of retail sales in sectors such as clothing, drug and food stores, where it appears that January purchases had been postponed from December.

Commerce Department Secretary, Mr Malcolm Baldrige, said that the January figure indicates that "consumers' confideoce in the economy's future continues to grow, paced hy a large rise in department store sales." The department said that car sales continued to set records, up 1.2 per cent from December and 33.3 per cent from January 1983."

The January figures will be taken as confirmation of an underlying upward trend in consumer spending, and will weaken the case of economists who have been cautious about the strength of the recovery and arguing that the Federal Reserve Board should relax its monetary policy.

Boost for airline safety inspectorate

THE U.S. Transport Department has moved to counter criticism that it has been taking risks with airline safety by announcing that it will increase by almost one third the number of safety inspectors in the Federal Aviation Administration, Stewart Fleming writes from Washington.

Mrs Elizabeth Dole, Transport Secretary, said she will boost the number of inspectors by 166, bringing the total to 674, the same number employed wben the Reagan Administration came into office in 1981.

The move follows both the recent grounding of three regional airlines because of fears about safety standards, and allegations that the Reagan administration bas allowed its ideological commitment to deregulation to blind it to safety risks.

Separately, the interior department said it planned to tighten up strip mining regulations enforcement.

Montoneros leader held in Rio

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE LEADER of the Left-wing Montonero Argentine guerrilla movement, Sr Mario Firmenich, bas been arrested in Rio de Janeiro and will stand trial before Brazil's supreme Federal Tribunal, which will determine whether he should be extradited to Buenos Aires.

On Monday, the Alfonsin Government in Argentina formally requested the extradition of the Montonero "commander" and his right-hand man, Sr Fernando Vaca Narvaja. The two men were discovered over the weekend to have been living in Brazil since last November.

The preventive detention of the two Argentines, among the few surviving leaders of the banned movement which waged war with the Argentine security forces throughout the 1970s, was ordered bythe Brazilian Justice Minister, Sr Vaca Narvaja bas so far evaded arrest.

Anxious to show its impartiality in dealing with terrorism from the left as well as the right, the new, democratically elected government of President Raul Alfonsin has charged the guerrilla leaders with murder, acts against public order, and "illegal association."

The most spectacular act of the Montoneros, fro which Sr Firmenich later publicly acknowledged responsibility, was the kidnapping and assassination in July, 1970, of General Pedro Aramburu, a former Argentine President.

Panama pledge on May elections

BY OUR FOREIGN STAFF

SR JORGE ILLUECA, Panama's new president, has quickly pledged to ensure that presidential elections will be beld as planned on May 6. Sr Illueca assumed the presidency on Monday following the unexpected resignation of Sr Ricardo de la Espriella.

A communique from Sr Illueca's office promised "clean and fair" presidential elections—the first to be beld in Panama since a military coup in 1968. Sr Illueca later told local correspondents that he would hand over the presidency in October to the new democratically elected candidate.

Until now Sr Illueca has been the country's Vice-President. He bas had a distinguished legal and diplomatic career and is currently serving as head of the UN General Assembly.

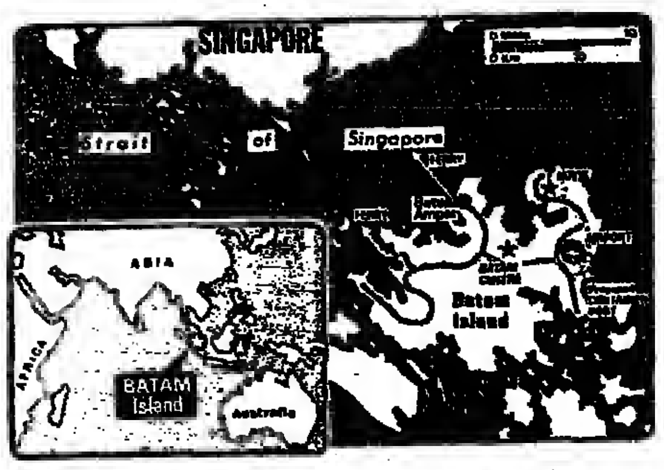
Diplomats said yesterday they did not expect Sr Illueca to introduce any radical new policies during his brief term in office, either in domestic or foreign affairs. However, he bas a reputatioo for being outspoken and in the past has favoured a more non-aligned stance for Panama

No explanation has been giveo for Sr de la Espriella's resignation after less than two years in office. However, observers said yesterday it was linked to the ruling Partido Revolucionario Democratico's (PRD) efforts to refurbish its image in advance of the May elections.

OVERSEAS NEWS

Chris Sherwell reports on Indonesia's plan to attract foreign investment to Batam Island

High hopes and slow progress for a 'new Singapore'



A NEW Singapore is being developed, a few miles across the crowded strait from the original—or so neighbouring Indonesia would like to believe. It is called Batam Island, and it looks much like the virginal Singapore Sir Stamford Raffles must have found early last century—except that it has 65 miles of wide tarred roads winding through the undeveloped hilly jungle terrain.

The idea of converting this quiet place two-thirds the size of Singapore into a magnet for foreign and local investors' capital is the brainchild of Dr Bacharuddin Jusuf Habibie, Indonesia's tough talking Minister for Research and Technology. He is an aeronautical scientist, the inspiration behind the bid to set up an Indonesian aircraft industry and a force behind the drive for greater modernisation.

So closely identified has Dr Habibie become with the Batam Island project that, by the end of last year, when President Suharto opened the island's airport and other new infrastructural projects, speculation was growing over whether his standing in Indonesia's hierarchy was being eroded by suggestions that progress was too slow in Batam.

The indications now are that President Suharto wants to see full co-operation by all Government departments in the Batam development effort. Already designated a free trade zone, the island has now been administratively upgraded, allowing it a larger budget, and the Batam Island Development Authority has been given wider decision-making powers to avoid too much red tape.

President Suharto's visit has clearly lent further prestige to the project, but it is painfully apparent to any visitor that plenty remains to be done. The airport, for example, which can take aircraft the size of an Airbus and now receives 13 flights a week, still needs a proper terminal.

Likewise, the magnificent tarred roads are mostly deserted and often appear to lead nowhere. You can travel many miles past the airport and see nothing before a modern resort hotel, still under construction, suddenly appears. Other hints of modernity are easily visible, including a sign offering "Batam burgers."

The Jakarta Government is plainly committed to developing Batam, despite the financial stringency imposed by stagnating revenues from oil and gas, of which Indonesia is Asia's largest exporter. Apart from the airport and road network, President Suharto also inaugurated harbours, a drinking water reservoir, power plants and telecommunications facilities. A container port is also planned.

The government has hired a U.S. planning group to help devise a central business district supporting commercial and financial activities and a population of some 150,000—more than a third of the island's likely ultimate total.

Nearly 60 companies, some of them foreign, have already set up in Batam, with another couple of dozen applications pending. Foreign investment so far is reckoned to amount to 365m, from the U.S., Western Europe, Japan and Singapore.

McDermott, the U.S. construction and engineering company, has put in some $7m, according to the Indonesians, and is one of the island's largest employers. Other foreign names on Batam include Dresser, Milchem and Toyo Kanetsu. Mitsui Corporation and Babcock and Wilcox have applied.

One major drawback in attracting foreign investment and creating an export processing zone is a ban on foreign ownership of land, often a key to the success of such ventures.

Despite this, Batam has clearly caught the attention of Singapore, for its involvement is the largest of all foreign countries.

Singapore interests have invested in the Batam Island Country Club, the new resort hotel and in a metal fabrication company, Batam Metal Products. The roof of Singapore Airlines' giant hangar in Singapore was built at Batam, and heavy industrial work related to its S2.5bn mass rapid transit metro project will be done there.

Singapore is also likely to be involved in Batam's development in the finance, harbour facilities and warehousing areas, for Indonesia displays many of the advantages Singapore possesses in terms of strategic location and also offers cheap and available labour.

Marketing may be a problem however. Although the island's development authority has now moved most of its personnel to Batam and retains only a secretariat in a partly burnt-out building in central Jakarta, the Indonesian Government has closed down an official liaison office in Singapore.

The apparent reason for this was bureaucratic—to ensure control through the centre. While information can still be gleaned from the Indonesian embassy in Singapore, Batam has been deprived of a shop window in a convenient and much visited centre. The real answer for interested investors passing through Singapore is to visit the island, but this is not a painless experience.

What should be a 30-minute hydrofoil trip with immigration formalities done on board, can at worst, be an uncomfortable boat ride and delays of well over two hours at passport control.

None of this need put off the determined investor prepared to learn Indonesian ways. In a region which is aggressively go-ahead and ambitious, Indonesia is as big as the U.S. with a population of 158m to match. The government may have a lot to learn, but one day Batam may be the country's new gateway.

Hong Kong markets await outcome of land auction

BY ROBERT COTTRELL IN HONG KONG

TODAY SEES Hong Kong's most important property auction in more than a year. Its outcome is likely to have a significant impact on the stock market, as an indicator of whether confidence is returning to the territory's hard-pressed property sector.

The site to be offered is the 6,312 sq metre "Admiralty Two" lot, which lies on the eastern side of Hong Kong's central business district. The Government says it will open the bidding at HK$300m (£27m). Stockbrokers say that any bids over HK$500m would be regarded as a bullish signal for the property sector.

Hong Kong's property market has fallen sharply from the peak values of 1980-81. The last time the Government put a price tag on Admiralty Two was in mid-1982, when it offered to sell it for HK$1.8bn to a consortium associated with Hong Kong's Mass Transit Railway Corporation. The consortium declined the offer. In November 1982, the Government tried to sell another important piece of nearby land, Victoria Barracks, but failed to draw any bidders above an undisclosed reserve price.

Following the crash of 1982-83, which saw major developers including the EDA and Carrian groups collapse into bankruptcy, there are signs that some sectors of the Hong Kong property market may have bottomed out. Preliminary figures for 1983 recently published by the Government's rating and valuation department showed supply and demand beginning to move back into line for shops, factories and small flats.

Last month, the Government put up five minor plots of land at an auction and sold all of them, raising HK$ 95m.

Developers and analysts agree that the best outcome of the Admiralty Two auction would be if the site were bought for hotel usage.

Optimism over the Admiralty auction was credited by some local brokers with helping Hong Kong stock market's Hang Seng Index *climb* 25.93 points yesterday to close at 1,088.34. A more important contributor to sentiment was speculation that local prime lending rate soon may be cut from its present level of 11.5 per cent.

Iraq threatens to destroy ships entering Iranian ports

BY OUR MIDDLE EAST STAFF

IRAQ CONTINUED its missile and rocket attack on Iranian cities yesterday and warned that it would destroy any ships attempting to enter the ports of Bandar Khomeini and Bushehr at the head of the Gulf.

A military spokesman in Baghdad said the attacks were launched in response to "the criminal and barbaric acts committed by the Iranian regime through its continuous shelling of our towns." Iraq claimed that 22 people had been killed and 52 injured.

Tehran radio said that 30 of its people had died and 65 were wounded in yesterday's Iraqi shelling and missile attacks. Mohammed Taqi Banki, the minister of state for the budget and planning, said in an an interview that a plan for coping with the closure of the Strait of Hormuz had been presented to the Cabinet. The minister said the contingency plan had been prepared "for the probable closure of the strait."

Iran has said repeatedly that it will close the strait, a vital oil supply route for industrialised countries, if Iraq attempts to disrupt its own oil exports. Although Iraq has for several months been harrying shipping attempting to enter Bandar Khomeini at the head of the Gulf—sinking at least two cargo vessels—it has so far held back from a full scale assault on the main Iranian oil terminal at Kharg Island, or on tanker traffic approaching the port.

There is meanwhile mounting scepticism about Iran's claim to have launched a new land offensive on the north western border of Iraq. The operation, codenamed "Liberation of Jerusalem," was supposed to have started on Sunday and Iran claims to have occupied 40 square miles of Iraqi territory. Iraqi military spokesmen have insisted that the area remains quiet.

However, Iran is known to have massed tens of thousands of troops and revolutionary guards at several points along the border and military observers still believe it likely that the main Iranian thrust will come in the central or southern sector.

Iraq last night offered a halt to its attack on Iranian towns in response to an appeal by Masoud Rajavi, the opposition leader living in exile in Paris.

The Foreign Ministry in Baghdad said sympathetic consideration had been given to the request to spare Iranian lives and Iraq was willing to suspend its attacks for seven days if Iran also agreed to stop shelling Iraqi cities.

Oman stands sentry on the Strait of Hormuz

BY STEWART DALBY AT THE STRAIT OF HORMUZ

SHOULD IRAN'S Ayatollah Khomeini try to carry out his threat to close the Strait of Hormuz, His Majesty Qaboos bin Said, Sultan of Oman, is going to be the first leader to know.

On Goats Island, an outcrop of rock at the northern tip of the Musandum Peninsula, an Oman navy detachment lead by a British commander is keeping a 24-hour watch. It is keeping an eye, not only on every ship that passes through the strait —at the widest point, depending on which islands you include, Oman is just 20 miles from Iran—but also on which shipping, both commercial and military, is going into Bandar Abbas, thought to be Iran's only properly functioning port.

The Sperry radar and computer on Goats Island is linked to an unmanned radar station on Qoins Island which is closer to the middle of the strait. The radar throws up a picture of the strait and the shipping lanes on a screen. Dots identify the ships.

The young lientenant, complete with bushy black beard and seconded from the British navy, presses his control stick and moves a circle over the dot, and then gets a readout of where the vessel is, how fast it is moving and in which direction.

The direction is important. Since 1979 Oman bas policed the strait with international agreement under a traffic separation scheme. Because of the volume of traffic, east-to-west shipping moves in the lane nearer Oman and west-to-east in the lane nearer Iran. Both lanes, thongh, are in the 12 miles territorial waters claimed by Oman. What the computer will not do is tell exactly what kind of vessel is passing before its eyes.

This is the job of the Oman navy. Just now, this consists of a Province class ship, called the Dhofar, which has a speed of 35 knots, a capacity to operate in very rough water and a cargo of six 40mm Exocet missiles. These are the second generation Exocets and have a range of 40 miles. Two more Province class ships are on order and there could be more to come.

Apart from this, there are six Bravo class patrol boats. They are 25 metres in length, have 76 mm cannon for anti-aircraft purposes, can manage 17 knots, and four of them carry two 38 mm Exocet missiles.

A party of journalists were invited to go out and look at the ships. What happens is that the commander of the Bravo—ours was commanded by a seconded British lieutenant, Ian McCloud —calls up the relevant ships on the radio and asks them to identify themselves.

Something like 850 ships travelled east-to-west in December and 760 west-to-east. This means about 50 a day more than half would be tankers.

While the Oman navy's prime role is to police the strait and ensure the free flow of traffic, it is also keeping vigilant against an Iranian attack on the sultanate either as part of an attempt to close the straits or simply to subjugate Oman itself.

Over the last year Goats Island has received its first detachment of troops. The army will not say how many or who, but counting the new buildings I would guess there is at least a company — that is from 100 to 200 men.

Behind, this "sharp end" deployment is one of the best small armies in the world. The Sultan's armed forces is best known for having won the guerrilla war in the southern province of Dhofar of 1965-75. It was largely British officered at the time, and concluded one of the most successful counter-insurgency campaigns — against incursions from neighbouring Sonth Yemen—since World War II.

Today the army has a standing force of 16,000 men. There are probably some 500 British officers either on secondment or on contract. Most notable of them is probably Gene ·l Sir Timothy Creasy, most ·ately commander of British land forces, before that general officer commanding Northern Ireland and before that commander in Dhofar. Now he is chief of defence, bnt like the rest of the army he must expect that his position will be Omanised.

The army, primarily an infantry force in the insurgency days, has now been bnttressed by artillery units including 105 mm and 130 mm guns (some of them, curiously enough, Chinese). There are also armoured units, two squadrons of Chieftan tanks — about 30 in all which are supplanting older M60s.

The airforce is also being strengthened. Oman now has two squadrons of Jaguar aircraft backed up by Rapier ground-to-air surveillance and attack capability. *It is currently looking at* Tornados and F15s and F16s as a new generation of interceptor aircraft.

Hovering over everything is President Reagan's Rapid Deployment Force. Sultan Qaboos has sbied away from allowing U.S. troop bases in Oman, feeling the American soldiers would be too provocative. But it is an open secret that the U.S. has been busily making "alterations" not only to the Masirah airbase but also to the other airports, at Salalah, at Seeb near Muscat, and possibly at the blacktop airstrip at Khasoab on Musandum.

Again it is all under wraps, but it is thought that in the event of an emergency the Rapid Deployment Force could deploy in great numbers within 48 hours. By itself Oman could give any regional offender a bloody nose. To say the least, with U.S. backing it is in a very strong position. Oman's forces are more than a pane of glass, and should it be broken some pretty strong alarm bells would ring.

India rejects World Bank share allocation switch

BY JOHN ELLIOTT IN NEW DELHI

A ROW has broken out over India's voting power in the World Bank following a reallocation of shareholdings in the bank which India suspects could be a prelude to a gradual reduction in the influence of developing countries.

This has happened at a diplomatically sensitive time, coming in the wake of the failure of developing countries to raise new soft loan funds of the bank's Industrial Development Association above $9bn.

Shares in the bank are fixed according to a country's gross national product and have just been allocated following the bank's selective capital being increased by $8.4bn. Developing countries traditionally have a right to refuse to allow changes in their shareholdings.

India was informed last month that voting shares it has held since 1970 were to be reduced from 3.09 percentage points to 2.90, which a senior Finance Ministry spokesman in Delhi yesterday described as the "biggest drop of any developing country ever." He deplored the fact that this would help reduce the total voting power of developing countries from 42 per cent to 40.

The dispute might have been resolved without a public row if it had not been for reports in the past week from Washington linking India's objections with Japan being promoted in the bank ranking from fifth to second place and China being given sixth place, while it has dropped from seven to nine.

The spokesman yesterday said India accepted these changes and was not seeking to disturb them.

South Africa calls elections for Coloureds

By J D F Jones in Johannesburg

SOUTH AFRICA's Coloured and Indian communities are both to have elections on August 22 before they join the three-chamber parliamentary system under South Africa's new constitution.

The Prime Minister, Mr P. W. Botha, had earlier said they could make a choice between a referendum (like Whites had last November) or elections at once for their new House of Representatives (of 80 elected Coloureds) and the House of Delegates (40 elected Indians).

● Removals of blacks from the disputed rural village of Magopa resumed yesterday amid accusations by civil rights activists that police were using force, reports AP. The Government denied the charge.

Boost for exporters as East Germany eases import curbs

BY LESLIE COLITT IN BERLIN

WESTERN exporters may receive a welcome break this year as East Germany has begun to lift its previous curb on all but the most essential imports from the West.

The West Berlin-based German Institute for Economic Research (DIW) notes in its latest survey of the East German economy that foreign trade, which is to expand 5 per cent this year, is likely to be far more balanced than it was over the past three years.

East Germany has piled up large current account surpluses in hard currency in order to hold to its debt repayment schedule.

DIW notes that last year East Germany's imports from the OECD (without West Germany) rose 10 per cent and ended a steep fall lasting two years.

But the benefits were unequally strewn. Imports rose sharply from countries such as Austria, Belgium, Luxembourg, Japan and Canada, while those from Italy, Britain, the Netherlands and Scandinavia continued to fall.

East Germany recorded a DM 500m (£125m) deficit last year in its trade with West Germany, and DIW estimates its cumulative trade deficit with Bonn rose to DM 4.2bn. West German trade officials, however, give an estimate closer to DM 4.5bn.

The institute says East Germany achieved an export surplus in its foreign trade last year of DM 4bn. Its hard currency surplus has not been disclosed.

East Germany's net indebtedness to Western banks fell, according to DIW figures, by $1.2bn from the end of 1982 to mid-1983 and reached $7.9bn.

These figures, however, are known to be incomplete as they do not contain loans made to East Germany by non-reporting Western banks.

To this must be added the DM 4.2bn-DM 4.5bn cumulative trade deficit with West Germany as well as West Germany's short-term commercial credits to East Germany which are unknown.

East Germany has come to realise that its mechanical and electrical engineering products are increasingly difficult to sell in the West and the Soviet Union.

The East German leadership wants to increase production of higher-value consumer goods both for export and to satisfy domestic demand.

However, the giant Kombinate-Industrial Trust is resisting consumer goods production as there is little incentive to turn them out or to develop any which could compete on Western markets.

Chris Sherwell, South-East Asia Correspondent, reports how two governments rescued a major deal

High-level brinkmanship over Thai refinery project

PARTICIPANTS in the protracted negotiations to save a $450m (£317m) Thai oil refinery expansion contract were understandably jubilant last weekend at the apparent breakthrough made in two days of talks between the Thai authorities and Mme Edith Cresson, the visiting French Foreign Trade Minister.

Twenty-two months after the contract was first awarded to an Anglo-French consortium, a financing formula had at last been found which could be accepted by the Thais and by the British and French Governments.

Important technical details have yet to be settled, and further complicated negotiations are in store, both among the Thais themselves and involving the Thai Oil Refinery Company (Torc), the banks and the main contractors, Davy McKee of Britain, Technip of France and Procofrance, a French subsidiary, of a U.S. company. But a fundamental step forward has been taken.

The tortuous move towards compromise has illustrated not only the tenacity with which such agreements must be pursued, but the lengths to which Western governments as well as companies are prepared to go in a recession to secure large contracts in developing countries.

In this case, moreover, the British and French Governments have displayed a remarkable degree of co-operation as issues have gone to the highest levels, embroiled government ministers like Mme Cresson and Britain's Norman Lamont, and led to regular ambassador-level negotiations in Bangkok with key Thai ministers.

That the affair has involved such big guns is a direct reflection of the size and nature of the refinery project. Thailand, for national security reasons, wants greater self-sufficiency in refined oil products.

It wishes to modernise and expand all three of its refineries to produce more middle distillates as its newly-recovered natural gas reserves replace fuel oil in its energy balance.

The controversial Anglo-French contract, awarded in April 1982, started out as a $850m expansion of Torc's Sri Racha refinery south-east of Bangkok through the addition of a high vacuum unit, a hydrocracker, distillation plant, tankage and other facilities.

Described widely as Thailand's largest single industrial investment and the largest contract won by Britain or France in Thailand since World War II—it was to increase capacity from 65,000 barrels a day to 120,000 b/d by the end of 1986.

Torc wanted to finance the expansion wholly through borrowing, and mandated Societe Générale of France and Barclays Bank International of Britain to arrange loans.

But with the world oil glut, falling refined product prices, excess refining capacity in Singapore and new capacity coming on stream in Indonesia and Malaysia, it was clear that security would be a problem for those lending the money.

By November of last year, the Thais had agreed to split the project into two parts. The first, financially more viable phase involving the hydrocracker was valued initially at $525m and later at $622m, while the second was effectively shelved.

The money was to come from export credits and a commercial loan, and Britain's Export Credits Guarantee Department (ECGD) and France's Coface were ready to back the banks.

As it transpired, the banks seemed more conscious of the world debt problem than of Thailand's excellent credit rating, and for such a high-risk project were not satisfied solely with a letter of comfort offered by the Thai Government in support of the project.

At a crucial meeting in London in November, which a high-level Thai delegation thought would seal an agreement, the banks demanded even tougher conditions, including continuous insurance cover, the establishment of a $140m "cushion fund" and an agreement by Torc to shoulder all costs above $100m caused by overruns.

Mme Edith Cresson

Following this grave embarrassment and loss of face, Mr Ob Vasuratna, the Thai Industry Minister, abruptly ended the loan negotiations and threatened to cancel the contract and call for new tenders.

But as preparations went ahead and Japanese construction and trading companies expressed interest, the British and French Governments became involved in a last-ditch effort to save the contract.

Britain stepped in with £27.5m-worth of outright grant and an ECGD-guaranteed buyer credit worth £35m. France stumped up a 15-year soft loan of FFr 250m (£20m) and a Coface-backed buyer credit worth FFr 380m.

Negotiations—without Barclays or Société Generale—resumed, and the project was more accurately priced, through technical adjustments and other savings, at $450m.

But the talks quickly hit a problem. Both London and Paris sought a Thai Government guarantee for the export credits. Bangkok refused, saying that by law this could only be given for companies in which it had a 70 per cent shareholding.

Its stake in Torc through the Petroleum Authority of Thailand (PTT), the state oil agency, was 49 per cent, with another 2 per cent held by the Crown Property Bureau and the rest in private hands, including Shell and Caltex.

On the face of it, Britain and France might have been satisfied with this controlling state shareholding, especially given the Government's control of refinery prices, but matters had gone too far.

Equally, Mr Sommai Hoontrakool, the Thai Finance Minister, could not set a precedent over guarantees for the Torc project which might be followed as Thailand awarded contracts for its proposed fertiliser, petrochemical and other industrial complexes in its ambitious Eastern Seaboard development plan.

The logjam was eased when Mr Sommai agreed to guarantee the French soft loan, as also sought by Paris, but was only broken last weekend when Thailand finally accepted the ingenious proposal to channel funds through PTT.

It was less than either side wanted, but on the assumption that it can be made to work it keeps the project alive.

Although Mr Sommai, who has always disliked the project, could yet hold out against the financing plan, it is thought he may be able to live with it and that arguments in favour of the project will be irresistible.

Changes must meanwhile be made in PTT's structure to allow it to borrow and channel larger amounts of money, and negotiations must proceed with Torc on the details of the financing, including the raising of a $300m commercial loan.

The project could therefore face a potential delay beyond the revised completion date of end-1987, and still remains fragile enough to start unravelling.

But the participants are confident it can be successfully concluded. Britain and France will have a form of guarantee Thailand can give, the Thais are paying a realistic price—as good as the Japanese could offer—on attractive terms, and the companies still have the order they so desperately want.

BCal will be first UK airline to fly to Riyadh

BY LYNTON McLAIN

BRITISH Caledonian Airways is to become the first UK airline to fly to Riyadh, the rapidly expanding desert capital of Saudi Arabia.

BCal was awarded a licence yesterday by the Civil Aviation Authority to fly the route from London to Riyadh in preference to British Airways, the state airline, which also applied for the licence.

British Airways already flies scheduled services from London's Heathrow Airport to Jeddah, the west coast Red Sea port and entry point for pilgrims for Mecca, and to Dhahran on Saudi Arabia's eastern seaboard with the Gulf. Dhahran is a centre for the country's oil industry.

BCal will fly from Gatwick Airport non-stop to Riyadh and will also serve a number of other cities in the Gulf area.

The CAA acknowledged that the new BCal service will introduce "substantial competition" for BA's existing services.

"Although the authority accepts that BCal and BA are both capable of providing a high standard of service, it concluded that the interests of users would be better served if more than one British airline operated services to Sandi Arabia," the CAA said.

The indirect competition between the two airlines "is likely to be beneficial and users will gain from the enhanced service and wider choice," the authority said.

The authority emphasised that the non-stop service from Gatwick would link with BCal and other airline services from oil industry cities in the U.S. "These are better served from Gatwick than from Heathrow."

Despite the extra competition, the authority is confident that BA's services to Saudi Arabia will remain profitable.

The new service will use the new $3.2bn (£2.28bn) showpiece airport in red desert country north of Riyadh. Previously, only Saudia, the Saudi Arabian national airline was allowed to use the older airport at Riyadh.

The King Khaled International Airport, 22 miles north of Riyadh, is designed to handle up to 20m passengers a year, to serve the capital's permanent population of 1m people. The older Riyadh airport, near the centre of town, handled 6m passengers in 1982.

The population of the city is expected to increase with the move of national embassies from Jeddah to a new "diplomatic city" on the outskirts of Riyadh. Building work on the complex is already underway.

With the opening of the King Khaled airport last November, other foreign airlines, including Swissair and Air France have started services in addition to those operated by Sandia.

British Airways said it was "disappointed" about not winning the licence and is considering whether to appeal against the decision.

Fokker consolidates hold on Australia, NZ airlines

BY WALTER ELLIS IN AMSTERDAM

FOKKER, the Dutch aerospace group, appears to be consolidating its hold on Australian and New Zealand regional airlines. Such a development would be bad news for British Aerospace, whose four-engined BAe-146 has already lost two major battles with Fokker in Australia.

Yesterday, Fokker announced an order from East-West Airlines of Sydney for two F28 fanjets for delivery in 1984. East-West, which is being taken over by Skywest of Perth, came under strong pressure last year from British Aerospace to take the 146, but opted to remain a Fokker client. Airlines of Western Australian (AWA) made the same decision.

Now, Mr Fritz Bolkestein, Dutch Trade Minister, and Mr Chris van Veen, chairman of the Federation of Dutch Industry (VNO), have returned from a trade mission to Australia, saying that Government leaders in Canberra are interested in Fokker's forthcoming range of civil aircraft, the Fokker-50 and the Fokker-100.

The Fokker-50 is intended as the eventual replacement for the propeller-driven F27, although for a period both models will be available simultaneously. The Fokker-100 will similarly take over from the F28.

The Fokker-50 will be powered by two Pratt and Whitney PW124 six-bladed engines, and in its standard version will carry 50 passengers. The Fokker-100 will have two Rolls-Royce Tay jet engines and a maximum seating capacity of 109.

Over the last 20 years, 57 F27s and 17 F28s have been sold in Australasia.

Fokker sees the 146 as its chief rival. The British group has the obvious advantage of having a brand-new aircraft in the air, with extremely quiet engines.

Fokker has a proven track record in the region and a high degree of customer loyalty. Rivalry between the two has been intense, but although British Aerospace recently won a sizeable order in the U.S., it has yet to score in the Pacific.

Swedish group wins £57m Saudi contract

By David Brown in Stockholm

SKANSKA Cementgjuteriet, the Nordic region's largest construction company, has won a SKr 650m (£57m) contract from the Saudi Arabian Ministry of Health to build a turnkey medical complex in Jeddah. It is Skanska's largest Saudi order in several years.

The project includes all medical and non-medical equipment in an outpatients' clinic, as well as living facilities for hospital staff, and will take 30 months to complete.

Pertamina pact on charter cancellations

By Kieran Cooke in Jakarta

Pertamina, Indonesia's State oil corporation, says that agreement has been finally reached with the Geneva-based Inter Marine Management (IMM) on compensation for cancellation of various tanker charter contracts in 1977.

Pertamina's President, Yudo Sumbono, said a figure of $5m (£3.5m) had been agreed, though IMM had originally asked for $50m.

UK NEWS

BP expected to cancel rig at Scott Lithgow

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

BRITISH Petroleum is expected to cancel a £80m order for a semi-submersible drilling rig from the Scott Lithgow yard after confirmation yesterday by British Shipbuilders, the yard's owners, that it could not renegotiate the contract.

The cancellation will add greatly to the difficulties of Scott Lithgow, on the Lower Clyde in south-west Scotland. It faces closure as a result of Britoil's decision last December to cancel its own order for a rig.

On Monday, BP warned the state-owned British Shipbuilders that it would cancel its order, which is almost a year behind schedule, unless the deal could be renegotiated.

British Shipbuilder's reply to BP, similar to that given to Britoil last year, was that it did not have the money to renegotiate.

The Britoil rig – effectively two years behind schedule – is only about 30 per cent complete, according to Britoil. But the BP rig is 95 per cent complete and floating at the yard while outfitting continues.

The Government's readiness to "wipe the slate clean" to help find a private owner for the yard has meant that three companies are interested in Scott Lithgow: Trafalgar House, the property and shipping group which already has a conditional agreement with British Shipbuilders to take over the yard; the UK arm of Bechtel, the U.S. engineering corporation; and Howard Doris, an Anglo-French company that operates an offshore yard in the Western Highlands.

Bechtel yesterday held its first formal talks with Britoil. Any company purchasing the yard must first win Britoil's approval to complete its order. The oil company made clear last week that it had yet to be satisfied with any of the proposals.

Bechtel, which is part of a consortium with several Scottish financial institutions, is understood to have presented a radical plan to Britoil that would still complete the order by March 1986. Key elements of the Bechtel case are believed to include:

- Britoil will not be quoted a fixed price, although it might in the end be higher than the original £88m quoted by British Shipbuilders.
- Bechtel would start from scratch. That might mean that British Shipbuilders would have to pay the redundancies of the entire workforce – totalling about 3,500. Trafalgar House has proposed keeping possibly 1,200 or more workers.
- Rehiring and retraining would form a core workforce of highly skilled men. Extra workers would be taken on to handle temporary peaks of activity – a system in practice at the big offshore fabrication yards in Scotland. The manager-worker ratio would be doubled to one manager for every 12 men.

FORD AND GM URGED TO RAISE UK ASSEMBLY

Whitehall seeks car imports cut

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK Government aims to drive down the level of car imports by increasing the pressure on Ford and General Motors to assemble locally more of the cars they sell in Britain.

It has acted because last year sales of imported cars in Britain passed 1m for the first time and took 56.9 per cent of the market. Ford and GM, the Vauxhall-Opel group, were the leading importers.

The Government hopes the import rate can be reduced to only 50 per cent a month by December. But this will be possible only if the U.S. groups can fulfil their promises to increase output of cars in Britain.

Both Ford and GM have said that by the end of 1984 they will boost the number of UK-assembled cars to 65 per cent of total sales in Britain.

Last year about 54 per cent of the Fords sold in the UK were built in its British factories, while the equivalent figure for GM was only 47 per cent.

Ford was the leading importer in 1983. Cars from its continental plants accounted for 13.4 per cent of the total UK market, while GM's imports jumped from 5.09 per cent in 1982 to 7.76 per cent of the market last year.

The Government has made it clear to both companies that it is carefully monitoring their progress towards a higher level of UK content this year.

It is by no means certain that either Ford or GM can keep their undertakings about local assembly. And the UK Government could impose no sanctions – it could just make enough fuss to embarrass the U.S. multinationals which pride themselves in being "good citizens" in the countries in which they operate.

For example, the Government feels there is some evidence that Opel, GM's West German subsidiary, is reluctant to give up production to Vauxhall in Britain because it wants to keep its plants in Germany and Belgium operating at a high level, partly by exports to the UK.

If this continued, ministers are likely to protest informally to GM's senior executives in Detroit.

In Ford's case, much depends on whether the group can improve output from Halewood on Merseyside where the Escort is produced. The plant has a highly erratic record, and often fails to meet scheduled production rates.

Nissan expects pact to last indefinitely

BY PAUL CHEESERIGHT IN BRUSSELS

NISSAN, second largest of the Japanese vehicle groups, expects the industry-to-industry agreement to hold Japanese car sales below 11 per cent of the British market to stay in operation indefinitely.

This is probably the first formal admission by the Japanese that they expect the agreement, introduced in 1975 as a "temporary" measure during the recovery of BL, to continue for some years.

Since 1975 there have been meetings between the Japanese Automobile Manufacturers Association and the UK Society of Motor Manufacturers and Traders at least once a year to discuss the limitation on car shipments.

However, Mr Mitsuya Goto, Nissan's general manager at its European corporate office in Brussels, said yesterday: "I do not foresee the eventuality when the industry-to-industry agreement will change. In the next few years Japanese and British manufacturers will continue to have a dialogue."

Continuation of the agreement was implied in the arrangements between Nissan and the UK Government for a £50m car assembly plant to come on stream in 1986. Nissan agreed that the 24,000 cars a year to be assembled at the plant would count towards the import "quota."

The Japanese group has to decide by 1987 whether to enlarge the UK facility to produce 100,000 cars a year. Mr Goto said yesterday: "I am sure we will do this."

He was also sure that France and Italy would accept the Nissan cars, provided the vehicles had at least a 60 per cent EEC content. France and Italy have been putting the UK Government under pressure, maintaining that the Nissan deal amounts to a "back-door entry to Europe."

Mr Goto pointed out that, after initial problems, BL's Triumph Acclaim, made under licence from Honda in Britain, had been given free access to the French and Italian markets.

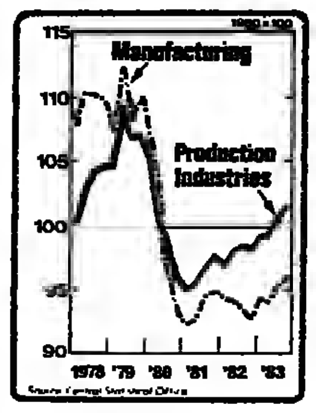
Treasury confidence on 3% growth rate

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A MORE buoyant picture of the recent trend of industrial output is suggested by revised official estimates published yesterday. They showed that output for the whole of last year was 2½ per cent higher than in 1982.

There was a rise of about ½ a per cent in production between November and December, while revised estimates for output in previous months suggest a considerably healthier recent trend than was evident from previous figures.

The Treasury's November estimate of a 3 per cent growth rate for the economy as a whole in 1983 now looks close to the mark. Latest figures also lend support to the Treasury's view that economic recovery will be sustained this year.



A forecast from the Treasury to be released on March 13 with the budget is expected to show growth of 3 per cent in 1984. This coincides with the autumn forecast for 1984, but the Treasury is now more confident about the figure.

But there are still important gaps in the recovery. Overall production last year was boosted by rising North Sea oil and gas output which went up by 10 per cent after a 14 per cent rise in 1982.

On the other hand, manufacturing industry showed only a weak response to the boom in consumer demand during the year. The volume of retail sales was 5.7 per cent higher in 1983, compared with 1982, but manufacturing output rose by only 1.4 per cent in the period.

Similarly, output from the consumer goods industries went up by only 2 per cent between the two years, while there was a fall of nearly 1 per cent in the output of companies making goods for capital investment.

These disappointing figures reflect the 7 per cent rise in the volume of imports last year compared with 1982.

Bank will advise on funding for Airbus

BY RAY MAUGHAN

THE GOVERNMENT has appointed Morgan Grenfell, the merchant bank, to advise on a private sector contribution to the funds which British Aerospace (BAe) wants to enable it to participate in Airbus Industrie's A-320 150-seat airliner project.

BAe has been seeking £437m of government financing to enable it to join other European aircraft manufacturers in the project. The plea for aid is still the subject of discussion by a Cabinet committee chaired by the Prime Minister. The Government's verdict is expected to be announced oext week, although it could come earlier.

It is already clear that, if the Cabinet decides to proceed with the project, a significant part of the funding must be found from the private sector.

Morgan Grenfell cannot prepare its brief until the Cabinet's decision is made known. But both the City of London and BAe itself have acknowledged that the aircraft manufacturer cannot support and service the level of borrowings which the project requires. Given the commercial risks entailed, it is thought improbable that institutional investors will be willing to subscribe for a major injection of oew equity capital.

Many City of London observers believe that BAe can only attempt to fund the project "off balance sheet." That means that the group would put a proportionately small equity commitment into a new company which would be almost entirely financed with outside debt. Proposals oo these lines are thought to have been received, and welcomed, by the Department of Trade and Industry.

The Government is felt to be unwilling to guarantee any external borrowings by BAe. But the Industry Department is thought to have given outline approval for an index-linked interest borrowing for the Airbus project.

UK has bigger share of robots market

BY PETER BRUCE

BRITISH PRODUCTS took 34 per cent of the UK industrial robot market last year, leading foreign competition for the first time, according to figures released yesterday by the British Robot Association (BRA).

Of the 601 robots installed in the UK in 1983, 206 were made in Britain, a sharp improvement on 1982 when manufacturers in Britain sold 101 machines to take 23 per cent of the market. The Japanese share of the UK market slipped by 5 per cent last year to 20 per cent.

The BRA claimed that the rate of installation of robots in European industry last year outstripped both the Japanese and U.S. markets. UK installations grew 52 per cent to a total of 1,753. West German installations rose 37 per cent to 4,800 units, while French manufacturers bought 765 machines, a rise of 55 per cent. U.S. installations grew by 28 per cent and those in Japan by 21 per cent.

The figures are contentious, however. The BRA said it had attempted to work to a conservative definition of the term "robot" in arriving at its population figures. Its estimate of installations in Japan, for example, is 16,500, more than double its nearest rival, the U.S.

The Japanese robotics industry, however, estimates its own robot population as being more than 100,000, but this includes small educational devices and simple machines. The U.S. industry too, is in the process of revising its market definitions, as the inclusion of simple devices has inflated the apparent size of the market.

British successes in the home market last year also need to be qualified in that most robots built in the UK are produced by a U.S. company, Unimation, a Westinghouse subsidiary.

Publication of the BRA robot survey was accompanied by warnings from both West Germany and France that while sales of robots were increasing, the robot industry had become overcrowded.

There are now 58 robot suppliers in the UK, 80 in West Germany and nearly 100 in France.

Stock exchange move on commission scales

BY JOHN MOORE IN LONDON

THE LONDON Stock Exchange is to allow its securities firms to negotiate commissions on overseas securities from April 9, a major step in dismantling fixed minimum commission scales throughout the market.

In a move designed to liberalise the rules governing dealing in overseas securities, the stock exchange has said that its member firms can form international dealing companies as subsidiaries.

The changes form part of the overall restructuring of the London stock market following the deregulation of the exchange by the Government last summer.

In return for gaining exemption from the effects of UK restrictive practices legislation the stock exchange has had to give an undertaking that its minimum commission scales will be dismantled by December, 1986.

Last October, the stock exchange council announced that, as a first step in the dismantling of commissions, negotiated commission rates would be introduced on oveseas securities.

Since then in preparation for the changes, stock exchange firms have been forcing international dealing subsidiaries in an effort to take advantage of the relaxation of the rules. One of the most ambitious structures created was a link between Akroyd & Smithers, the stockjobber or market maker, and Rowe & Pitman, the stockbroker. They formed a joint venture company, capitalised at £17m, to trade, distribute and research foreign equities.

UK NEWS

State industry heads express concern at their salary levels

BY JOHN LLOYD, INDUSTRIAL EDITOR

CHAIRMEN of nationalised industries are seriously coocerned about the non-payment of their annual salary increases. Most have received no increase for almost two years.

Mr Ron Deering, head of the Post Office and chairman of the nationalised industries chairmeo's group, bas written to the Chancellor of the Exchequer to express coocern. He has been told the matter is io hand – but so far, more mooey is not.

Graham Day: one of the best-paid chairmen

Most of his group's members last received a pay rise in April 1982, when the increases ranged from 7 to 16 per cent.

There are notable exceptions. Sir George Jefferson, chairman of British Telecom, had his salary raised to £85,000 last July, as his corporatioo approached privatisation. Mr Graham Day, chairman of Britisb Sbipbuilders since September 1983, took up his post at £80,000 a year plus a maximum £15,000 "performance bonus."

At the Britisb Steel Corporation, Mr Robert Haslam, who succeeded Mr Ian MacGregor as chairman last July, saw the salary rise from £48,500 to £55,000.

However, Mr MacGregor's salary was increased by ao initial payment of £675,000 to Lazard Freres of New York, where he was a partner. A further paymeot of up to £1.15m migbt be made at the end of March if a review committee decides that British Steel, under Mr MacGregor's chairmanship, became a "strong and bealthy" corporation.

Those salaries constitute comparatively rare attempts to pay the private-sector rate in the state-owned iodustries. That is in spite of the Government's decision in 1980 to put the salaries of natiooalised industries' board members on a commercial basis and to devolve the payment of salary increases from the Treasury to the sponsoring departments.

The intention was to co-ordinate the board's increases with those paid to senior executives. Such a move bas yet to be made.

Immigration up 29,000

BY OUR LONDON STAFF

THE LARGEST group of immigrants to Britain, in the year to June 1983, came from other EEC countries. These totalled 44,000, double the oext largest group, from the U.S.

Total immigration reached 200,000, a rise of 29,000 on the previous year, according to figures released yesterday by the UK Office of Population, Censuses and Surveys.

Immigrants included 18,000 from the African Commonwealth countries, 15,000 from Bangladesb, Iodia and Sri Lanka, 14,000 from Australia, 11,000 from Pakistan and a similar number from the Middle East.

Emigrants from Britain fell by 35,000 to 222,000. There was a sharp reduction in the number of people emigrating to Australia, Canada and New Zealand. Those going to live in Australia fell by a third to 37,000, and those to Canada by 4,000 to 10,000.

An Australian high commission official in London said high unemployment bad led to stricter controls. "There are hardly any opportunities for people to emigrate to Australia now on job grounds alooe."

There was a oet loss from Britain of 54,000 UK citizens, but a net gain of 32,000 people from other parts of the world.

ENERGY REVIEW

Offshore oil rigs: Sweden puts Britain in the shade

James Ball reports on the key role of a Swedish company

AMONG ALL the uncertainties surrounding the future of British offshore rig building, it has almost become an accepted fact that Sweden's Gotaverken Arendal will play an important part in the future of the industry.

While British Shipbuilders wonders whether to wash its haods of rig-building and three bidders vie for Scott Lithgow, BS's first offshore yard, GVA has become a name to conjure with.

Trafalgar House, front-runner to take over Scott Lithgow, has said it would use the Swedish company as a tecbnical adviser and Howard Doris, the Anglo-French bidder, wants GVA to take an equity stake in the Lower Clyde yard.

The comparative records of GVA and its British Shipbuilders' rivals makes stark reading. Since 1980, BS's two yards bave managed to deliver only one mobile rig, while GVA, which fnur years ago had noi completed a single rig, has delivered 15 from one yard, along with one module and four conversions—all of them on time.

The four vessels officially oo order from BS include three which are late and one cancelled—the now infamous £88m Ocean Alliance being built by Scott Lithgow for Britoil. As BS bas struggled, GVA has cootinued to broaden its capabilities, branching out into rig design.

GVA's record and its talents are well known to all the parties to the Scott Litbgow talks. Trafalgar House incurred a degree of displeasure from Britoil, whicb may yet prove fatal to Trafalgar's bid, because it last year delivered late and incomplete a complicated integrated deck for Britoil's Beatrice B oil platform. GVA's contribution to the same structure, an accommodation module, although admittedly less complex, was sent out on time and praised as excellent by the customer.

The other bidders, Bechtel and Howard Doris, have come across GVA as the designer of the rig destined to become the world's first purpose built semisubmersible floating production platform. This rig, for Sun Oil's Balmoral field, in whicb Britoil is a partner, will be the GVA 500 type. Bechtel is project manager for the Balmoral field and Howard Doris a rival bidder for the rig contract.

British Shipbuilders also knows GVA. The Sovereign Explorer, whicb left BS's Cammell Laird yard in December, was a GVA 4000, but following storm damage it will have to be repaired and completed at GVA's yard in Gothenburg.

This rig, it is understood, consumed over three times as many man hours in the Birkenhead shipyard as its Swedish-built sister rig, Treasure Saga. The Sovereign Explorer was five months late when it left the Mersey. Two months further delay have been caused by weatber. Tbis is the closest BS has come to delivering a rig on time.

The next and perbaps last BS rig, a jack-up accommodation being built by BS for British Gas, is also GVA-designed and is running five months late. GVA, baving almost set BS on the road to offshore success, now seems certain to have to pick up the pieces.

British Shipbuilders and GVA bave adopted widely varying approaches to the offshore challenge. Both companies were rapidly piling up losses making ships in the latter months of 1977.

GVA, while still under private ownership and losing mooey making oil tankers, identified the offshore market as a way out and set about reorganising itself to break into the market.

Mr Lars Ahrell, now managing director of GVA's UK subsidiary, was an outside management consultant assigned to reorganise the company. His strategy was five-prooged:

- Decentralising financial and project responsibility;
- Controlling each project separately and treating company departments as though they were contractors;
- Hiring specialist management to mix with existing managers to turn the whole organisation towards the offshore market, and forecasting rig market and offshore construction trends constantly;
- Promoting co-operation between the design and production sides of the company;
- Encouraging persistence by top management with the new orientation.

Mr Ahrell says the patience and persistence of GVA president Rolf Bergstrand, a naval architect, had much to do with building up ioitial coofidence. GVA was allowed to run itself without interference from its state-owned parent, Swedyards, whicb took over in 1978.

Mr Rolf Bergstrand, president of GVA (above) and Safe Lancia, the latest rig to be built by GVA.

The key to the decentralisation strategy was puttiog financial responsibility on the sboulders of seven profit centres (one design and six productioo) through which each project had to pass. In turn each project had its own manager answering directly to top management.

"Before, we used to keep tabs centrally on steel througbput and hours," says Mr Ingemar Broman, finance director. "Now, financial responsibility is delegated to the profit centres." Each stage in the production process—design and engineering, steel workshops, where steel plate begins to be shaped for assembly, through to fitting out and commissioning—has a profit ceotre. Each does its own marketing and cost control.

Each profit centre bids internally for jobs the company bopes to win and thus has a target to stick to or alarm bells to ring wben work is won aod starts its way through the process.

One of the most important profit centres handles procurement, engineering and design. In the offsbore business, customer design changes during construction are commonplace. A yard with its own design staff thus has a significant competitive edge. GVA's is better than most and has been used to greater advantage.

During the rapid decline in Sweden's shipbuilding industry, GVA picked up a number of experienced marine architects and now employs over 500 in its engineering and design department. From the first, their task in offshore design was to co-operate with production to increase cost efficiency and ease of construction. GVA now has a full range of rig designs, three models of which have been built or odered at the yard. It also has excellent yard facilities, including twin dry docks.

Armed with this organisational approacb, GVA bad the good fortune to have excellent yard facilities, including twin dry docks built for tankers in 1963. The large construction sheds were ideal fnr rig building while the parallel docks look purpose built for the twin pontoons of semi-submersibles.

If linked up with a private sector Swedish company, Consafe offshore, which was trying to dominate the North Sea accommodation market in the late 1970s. Consafe nrdered two semi-submersible rigs from GVA in June 1978 which were delivered in Mareb and June 1980, nn time but slightly subsidised. They allowed Consafe to gain an advantage in the market and GVA acquired a custnmer tbat bas come back eight times.

The approach of British Shipbuilders has been different. Cammell Laird almost made it into the tough offsbore market last year with its contract announced in May 1981 to build a semisubmersible drilling rig for Canada's Dome Petroleum.

Cammell Laird then said that it had "splendid facilities for constructing vessels of this type for the offsbore market—the big covered construction hall with its two berths . . . and the two dry docks which accommodate the span of this and most other semisubmersible designs."

The company also says that one of the management changes the yard put into effect at the time of the Sovereign Explorer contract was a project management method similar to GVA's, and that it has been impressed enough with the results to consider applying it to all jobs going through the yard. Previously projects were managed department by department, with oo continuity between different stages of the operation.

In addition, a senior manager said on the Sovereign Explorer contract, the yard employed drilling equipment specialists and increased procurement expertise but encountered problems with supply delays in addition to the challenge of building its first rig.

Mr John Steele, British Shipbuilder's offshore divisional managing director, and chairman of its offshore companies, also stresses the quality of the work overall on the rig. The customers do indeed seem satisfied with this quite important aspect of the rig so far. Mr Steele expects Cammell Laird to continue building rigs under licence.

So far GVA has nnly played an advisory role in the UK rig-building industry. But with a larger opportunity sucb as Howard Doris is offering, it may be able to have more of an effect. Its experience with its first UK purchase, platform module builder Sea and Land Pipelines, however, has so far not been enconraging.

A sharp market drop and no alternative strategy left SLP in a precarious financial position until GVA decided tn spend millions of pounds and replace the chairman, managing director and marketing director.

If its strategy for SLP works, that yard will be back in profit in 1985 and employment could rise from 100 to 600. Either way, a venture bidding for top UK rig jobs will have a partner in GVA wbich can build on time.

That is what Sun must have for its Balmoral floating production system and wbat Britoil would like to see nn its Ocean Alliance drilling rig lying unfinished at Scott Lithgow.

On Lars Ahrell's office wall is an abstract pointing made up of a random jumble of words apparently drawn from the North Sea offshore business. Spilling out on the last line are the words "course to resuscitate" and "political." As the Scott Lithgow drama unfolds in the coming months, he will have cause to ponder those words a good deal.

James Ball is News Editor of the FT North Sea Letter and European Offshore News.

RIGS ON ORDER ANO BUILT AT FEBRUARY 1982 ANO 1984

	On Order 2/82	On Order 2/84	Delivered since 1980 2/82	Delivered since 1980 2/84
Gotaverken Arendal (one yard)	7	3	7	15
British Shipbuilders (two yards)	4	4*	—	1

* Includes one cancelled order, all are late. All Gotaverken rigs on time.

GVA PERFORMANCE

YEAR	TURNOVER ($m)	NET PROFIT ($m)	EMPLOYEES
1982	335	29	4,383
1983*	285	28	2,900
1984†	142	14	2,700

*Provisional. †Estimate

Source: Gotaverken Arendal

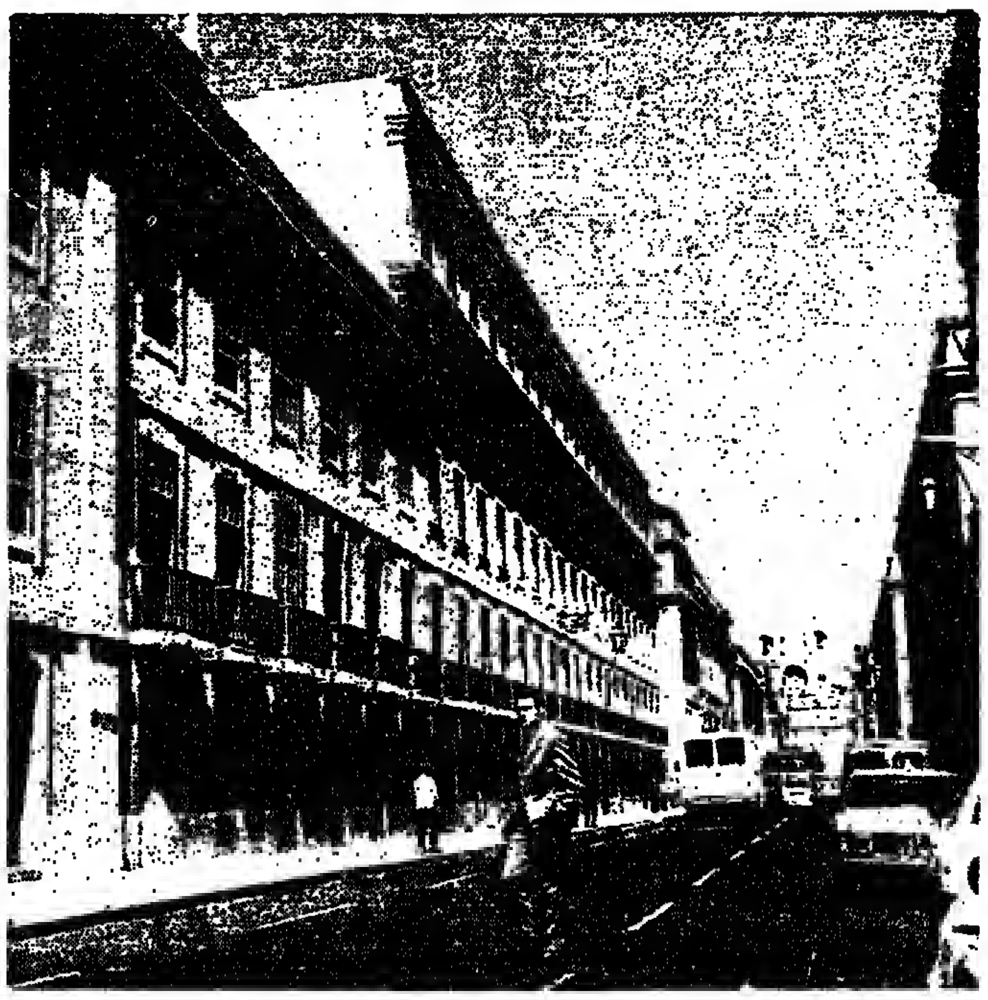
FINANCIAL TIMES SURVEY

Wednesday February 15 1984

PORTUGAL

BANKING, FINANCE AND INVESTMENT

Liberalisation of banking and the financial sector will take some time to work through but the process is necessary for membership of the EEC. In the meantime, the Government is cutting the cumbersome public sector



The Bank of Portugal in Lisbon: its board sits on the security of $2bn worth of "Salazar's gold"

After the nasty medicine

By DAVID WHITE

IT IS A BIT ironical that two such laws should have come up at the same time: one, passed by the Portuguese parliament after a great deal of hue and cry, relaxing the country's strict ban on abortion, the other decreeing terms for foreign and non-state-owned Portuguese banks to set up shop for the first time since the 1974 revolution.

On the one hand, the jealously-guarded territory of the Catholic establishment, on the other the jealously-guarded territory of the left. State monopolies, like pregnancies, are more easily made than unmade.

Quasi-monopoly

The opening of the quasi-monopoly exercised by the nationalised banks is part of the structural change in preparation for EEC membership, which Sr Mario Soares' Socialist-led Government is anxious to see happening, at long last, in January 1986.

When the bank liberalisation will actually take effect is a matter for some conjecture. Feasibly, however, the first new banking operations could be in place by the end of this year.

Applications are being sought from foreign banks—or at least from those of them that have demonstrated their willingness to stick by Portugal in moments of financial difficulty.

Some *ancien regime* Portuguese interests such as the Espirito Santo family who were expropriated after the revolution are also waiting on the sidelines, pondering a return. *Noblesse oblige.*

Up to 1974 about 85 per cent of the Portuguese banking system was private. Three British, French and Brazilian banks already in place and the Mutalist savings and rural credit institutions were the only ones to escape the take-overs of 1974 and 1975. First the issuing banks of Angola and Mozambique and the remaining private shareholdings in the Bank of Portugal were nationalised and then, in March 1975, the remainder of the system.

Although at various times, as with bank nationalisations in France and Italy, there has been talk of concentration and specialisation, the state banks have remained in competition with each other.

The commercial banks, reduced in number to nine, have kept their identity and people still associate them with their former owners.

Revolutionary Portugal never got around to implementing Leninist principles for harnessing the powers of big banks—the "single state bank, the biggest of the big, with branches in every rural district, in every factory," which Lenin said would "constitute as much as nine-tenths of the socialist apparatus." Portugal's state banks are nine-tenths of the financial system but they are anything but big.

Strict conditions

The handful of foreign banks expected to start branch operations will be subject to strict conditions and are likely to have only a small impact at first but the authorities are counting on them to shake up the "civil service mentality" that prevails in the conspicuously overstaffed Portuguese banks and to help restore confidence in a country which Sr Soares, on his return to power last spring, described as "a ship in distress."

The situation, both economic and political, has got better since then. The new coalition government's grin-and-bear-it austerity programme has taken effect, largely conditioned by the terms set during the summer by the International Monetary Fund, the second time since the revolution it has intervened to keep Portugal clear of the financial abyss.

Experts see most of Portugal's short-term aims as being met, and the lines of a medium-term strategy are due to emerge shortly. The external accounts have been brought sharply into order. A chronic trade deficit has come progressively down since the first quarter of last year, with imports trimmed back and exports—led by textiles—going strong.

The current account deficit, by provisional estimates, was within the $2bn limit prescribed for last year—a reduction of some 40 per cent—and a small surplus was actually recorded in the balance of payments figures for the third quarter.

The foreign debt, around $14.5bn at the end of the year, is no longer considered to he getting out of hand, although it is still enormous for a country of Portugal's size, more than half its annual national product.

Luckily, Portugal can still count on $9bn of Central Bank reserves, which keep it from being included in a less respectable category of Latin debtors.

"Salazar's gold" has turned out to be a bulwark for the former dictator's opponents, now in office. The board of the Bank of Portugal would feel less secure if they were not physically sitting over $2bn worth of it.

On the negative side, inflation, which was expected to go up anyway as a result of the Government's "realistic" pricing policy, overshot the mark to reach a post-revolution record of 33 per cent.

Portugal's letter of intent to the IMF last September set the target of a 20 per cent inflation average this year. This is now practically impossible. Likewise, the guidelines for bringing down the Budget deficit—with a limit of 10 per cent of gross domestic product for 1983, reduced to 7.3 per cent this year—are a very tall order indeed.

Contending that last year's pact demanded more on the internal front than Portugal could deliver, officials have been renegotiating some of the terms with an IMF review team which was in Lisbon earlier this month. In particular, they have been pressing for greater flexibility in credit ceilings.

In the meantime, the Government has begun to push ahead with cutbacks in the cumbersome public sector. Started in the fishing industry, these have now taken a more serious turn with plans to tackle the troubled Setenave shipyards.

Ruthlessness

The official posture—with regard to skimming off unneeded jobs in nationalised industry, cutting bureaucracy and easing labour rigidity—is one of ruthlessness.

But the first question that now begs to be asked is how far the Government will go. Portugal, with the lowest per capita income of Western Europe, has not known high unemployment and does not have a decent benefit system to cope with the needs of the long-term jobless.

Many more would be out of work than now (the official rate is 8 per cent) were it not for the fact that numerous companies have stopped paying regular wages in order to stave off bankruptcy.

A second question is how the Government will handle the easing-up of its economic policy after the first year of administering nothing but nasty medicine.

And the third inevitable question is how solid is the Socialist-Social Democrat coalition and the "Troika" that now holds power—Sr Soares, his deputy and defence Minister Sr Carlos Mota Pinto, leader of the PSD, the junior coalition partner, and Sr Ernani Lopes, the no-nonsense independent at the Finance Ministry who is generally held to be more of a manager than a politician.

Last month's fiercely-debated abortion reform, which lifts penalties in instances justified on clinical or humanitarian grounds, brought Socialists and PSD members into face-to-face confrontation.

No doubt, the PSD's closed-rank tactics were more of a war-game exercise ahead of its imminent and potentially divisive party conference, rather than an organised threat to the ruling majority. But it nevertheless raised questions about the future of the coalition, at a time when the powerful Communist trade union movement has begun calling openly for a new government (something that Portugal has managed to have once every nine months, on average, since 1974).

Impatience

Helping to cloud over Portugal's political crystal ball are the undeclared intentions with respect of next year's presidential election. Sr Soares, who has shown some impatience about getting the EEC negotiations out of the way this summer (and even threatened to withdraw Portugal's application), has not yet said if he will stand for head of state. Opinion polls, such as they are, suggest

CONTINUED ON PAGE IV

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PORTUGUESE BANKING II

Diana Smith reports on the Lisbon announcement

New rules for private banks

THE LONG-AWAITED decree laying down the rules for private banking gives the Bank of Portugal a major role in the supervision and assessment of the conditions under which new banks will operate. The 37 articles of the new decree, prepared by the Finance Ministry and approved in Cabinet on January 5, are primarily concerned with the basic criteria for the establishment and running of new commercial and investment banks, both retail and wholesale institutions.

The preface to the decree sums up the essential *conditions:*

- New banks must have an initial capital of Es 1.5bn (£10.9m).
- There will be no discrimination between Portuguese and foreign institutions.
- Branches of foreign banks or investment companies may request permission to convert to fully-incorporated banks.
- Permanent control will be exercised over the banks' resources and fitness for operation by limiting share transfers.
- Regular review of liquidity and solvency and—if necessary—revocation of authorisation to operate.

The following excerpts cover foreign branches rather than the general system for new Portuguese commercial or investment banks. It is clear from the decree that the Government has leaned over backwards to ensure that fully-incorporated banks are tightly regulated both in the constitution of their boards and their activities.

Overseas applications

Article 11—Foreign applicants: The establishment of foreign commercial or investment banks by individuals or groups, and opening of branches of foreign commercial or investment banks in Portugal depends on authorisation signed by the Prime Minister and Finance Minister after a Bank of Portugal assessment. Permission to set up a branch will be refused if the authorities consider this does not correspond to national, regional or local economico-financial needs, or if the applicant's statutes contain provisions contrary to national interests or law.

Article 12—Requirements: Certificate from the relevant body of the country of origin attesting to the applicant's legality; company statutes, latest balance sheet and profit and loss account, plus proof of reserves and provisions; biographical notes on directors; shareholder distribution and list of shareholders holding more than 5 per cent of capital.

Article 14—Capital: Capital must be sufficient to cover operations and no less than the established Es 1.5bn minimum. This will be deposited with the Caixa Geral dos Depositos (National Savings Bank) before registry is granted. Foreign branches must apply their capital to their Portuguese operations as well as their reserves, deposits and other locally-raised resources.

Article 16—Other conditions: Books will be kept in Portuguese; 75 per cent of staff must be of Portuguese nationality; foreign managers must speak Portuguese.

Section 4—Capital and reserves:

Article 25—Minimum capital: The sum set for minimum capital may be increased upon publication of a government decree.

Article 27—Reserve funds and guarantee: A fraction of not less than 10 per cent of net profits must be allocated to formation of legal reserves; institutions must also set up special reserve funds destined to cover risk of depreciation or losses which certain operations may incur.

Article 33—Guarantees of solvency and liquidity: The Bank of Portugal will determine the ratios that commercial, investment and foreign banks must observe between assets and liabilities, that is, own capital and value of deposits and other obligations.

Equally the Bank of Portugal will determine the composition of cash flow and other forms of coverage and set the minimum percentages for these.

Prime Minister Mario Soares (right) and Finance Minister Dr Ernani Rodrigues Lopes: authorisation for the establishment of foreign commercial banks will need their signatures, following a Bank of Portugal assessment

Bureaucratic interference in business can sometimes reach a pitch which produces as much laughter as indignation in the average banker, as Jeffrey Brown reports here.

Annoyance over state controls

ALONG WITH the financial system in general, Portugal's banks have a lot of catching up to do. There is no end of scope for this is a country of ground floor banking at its crudest. There is experience and determination at the top but also plenty of constraints on initiative.

If complaints from Portuguese bankers have a central theme it is all about bureaucratic controls — of a kind almost unimaginable elsewhere in Europe. At times, state interference in business can reach a pitch which produces as much laughter as indignation in the average banker.

A recently enacted government decree — aimed at maintaining employment through limits on individual working hours — provides a graphic and frightening illustration of how Portuguese bureaucracy can lose touch with reality. For the banks, already woefully overstaffed, it has meant underemployed workers putting in even less time at their desks.

The plain fact is that the straitjacket of state controls shows very few signs of being loosened. All nine Portuguese banks were nationalised in the 1970s and their working environment remains highly political. This creates a disturbing effect on day-to-day management as well as on overall strategy.

Free enterprise

In the circumstances it is surprising to find such an abundant spirit of free enterprise. Bankers acknowledge their problems and have learnt to come to terms with them. They point to the recent recreation of a financial private sector and talk hopefully of a return to competition among the banks.

Change must come, they say. This year is going to be a bad one for the smaller, less resilient banks and a further round of bank mergers cannot be far away. The economy is going through a painful period of readjustment under the aegis of the IMF and had debt experience, already heavy in 1982 and 1983, is going to get worse.

As state enterprises the banks have been forced to lend heavily to chronically ailing sectors of the economy. Private capital would not have been lent in such an ill-considered way, say bankers. But some banks, protected by state backing and with credit ceilings swelling their liquidity, have apparently flung all basic banking conservatism to the wind.

The Government's main line of attack on inflation has been through interest rates; medium-term credit now costs something like 35 per cent. A decline in real wages and falling consumption is compounding the impact of heavy financing costs. The list of Portuguese bankruptcies grows daily.

In contrast, gross banking margins remain the envy of the world. The margin between deposit and lending rates, dictated by the central bank, is eyed longingly by banks outside Portugal. Twelve-month deposits earn around 28 per cent whereas the banks charge up to 7 per cent more on short-term lending, partly as a result of a traditional practice of charging interest in advance.

The banks are major employers and banking margins are tacit recognition of this by the Bank of Portugal. With total staff numbers running at around 55,000, the average per branch is above 40. In the UK, where staff levels are also thought to be a problem, the number is around 16.

Whether the banks are able to match lending with deposit inflow is another matter. They complain bitterly. The growth in resident term deposits, which rose by 27 per cent in the 1983 first quarter, slowed down over the summer months and was running at just over a fifth in August. But equally, the central bank has kept a very tight lid on lending.

More deposits

Moreover, the upsurge in deposits has been noticeably biased towards high-yielding time deposits rather than the current short-term accounts. The absence, until recently, of alternative investment forms has not helped. A couple of years ago time deposits were rising by 50 per cent against 16 per cent for current accounts. Those ratios have not changed too radically.

Communications remain a major short-coming. Portugal's internal telephone system is in desperate need of an overhaul and the bank branch-telex ratio is still woefully short of the 100 per cent taken for granted elsewhere in Europe. But the past 12 months has seen the implementation of a number of important changes. Banco Espirito Santo promoted the initial introduction into Portugal of the Swift telecommunications network early in 1980. In 1983 the banking system as a whole finally completed its conversion to this rapid funds transmission service.

As for individual banks, it is almost impossible to make performance comparisons. By general consent two banks stand ahead of the rest—Banco Portugues do Atlantico and Banco Espirito Santo. Banco Totta has a fairly high profile in the City of London. Caixa Geral do *Depositos*, the state savings bank, is the largest organisation.

Atlantico is the biggest of the commercial banks and one of the more successful and go-ahead. It has responded, within central bank constraints, to a number of gaps in Portugal's retail banking service. It has taken a long hard look at the problem of wages and management, creating a central team paid in excess of the statutory norms. Atlantico tends to set a standard for the banking sector as a whole.

By comparison the three foreign banks operating in Portugal have a modest share of the commercial bank market. The heavyweight of the three is the Bank of London and South America (Lloyds Bank International) which has nine branches and has applied to open two more.

BOLSA, along with Credit Franco - Portugais (Credit Lyonnais) and the Bank of Brazil were left outside the nationalisation net of 1974. This apparent distancing from the Government machine has done no harm at all to their standing among Portuguese customers.

PORTUGAL'S BANKS AT END - 1982
(Es bn)

	Total assets	Capital and reserves
Caixa Geral do Depositos	577	—
Banco Portugues do Atlantico	444	5.6
Banco Pinto & Sotto Mayor	325	5.6
Banco Espirito Santo & Commerciale do Lisboa	313	6
Banco Nacional Ultramarino	301	5.7
Banco Borges & Irmao	278	3.1
Banco Totta & Acores	273	2.7
Uniao de Bancos Portugueses	163	4.2
Banco Fonsecas & Burnay	166	3

Banco Espirito Santo in Lisbon

The success of new investment companies and leasing groups has helped to restore Portuguese faith in free enterprise

Financial scene's brightest stars

PORTUGAL'S INVESTMENT companies and leasing groups are the bright new stars of the financial scene. To be fair, there is not too much competition around at the moment. Until very recently the heavy hand of state controls outlawed new outlets for private capital. Yet the success of the new enterprises cannot be denied.

From modest beginnings in 1981, there are now seven leasing companies in action, and others in the pipeline. The existing four investment companies—which mostly provide medium-term project finance but also offer other merchant banking related services—could soon increase to five.

Both types of company are small, and so have had only a minimal impact on the market place. Total resources of SPI, the biggest and most ambitious of the investment companies, amounted to Es 6.7bn at the end of 1982. At the same date a large commercial bank like Banco Espirito Santo could boast deposits of Es 244bn.

But the psychological impact of the new financial companies has been enormous. They have helped restore Portuguese faith in free enterprise, and have successfully prised open the door leading to a freer and more flexible economy based on an inflow of private capital.

The Bank of London and South America—a subsidiary of Lloyds International—emphasises its presence with a sign on the front of a Lisbon tram

Foreign capital

Most of the new investment vehicles rely substantially on foreign capital, and have major non-Portuguese shareholders. SPI is partly foreign owned, and five of the leasing groups have the backing of international banks. Barclays Bank has a 25 per cent stake in Sofinbloc, and 35 per cent of Euroleasing is owned by Société Générale.

In terms of foreign capital, it is all very much a toe dipping exercise: a small down payment on Portuguese economic recovery. The potential rewards are incalculable but are probably never going to be earth-shattering. Whatever happens, they are likely to be long term.

SPI was the first investment company in the field, taking its bow in the autumn of 1981. The others are Eurofinanceira, FNIC—mostly an outlet for Hong Kong funds—and MDM which came into being last August. At least one other similar group, backed by Lloyds Bank International and two local banks, is known to be in the wings.

SPI made a net profit of around Es 200m in 1983 out of a business which centres mostly on medium term (four to five year) finance. Its lending is entirely to the private sector and focuses on tight industrial and service related industries. At the end of 1982, 60 per cent of approved credit was earmarked for the most northerly part of Portugal.

A bit over a quarter of SPI's capital is held by non-Portuguese interests, an august collection of banks and development organisations, including the World Bank, Credit Lyonnais and the Union Bank of Switzerland. At the end of 1982, foreign sources supplied 58 per cent of group available funds.

Investment companies cannot compete directly with the banks for private deposits, but can issue debt in the form of easily encashed bonds. A clutch of issues is being lined up and they display all the symptoms of being successfully taken up by the public.

SPI claims to be immune to the sort of lending curbs which apply to the banks. But its credit operations are geared to size of capital, increases in which have to be vetted by the Bank of Portugal.

Like MDM, its smaller and most direct rival among the investment companies, SPI hopes one day to take deposits and offer a full commercial banking service. It is aware of the need to tread carefully though. Funds surplus to the banks' requirements currently help swell SPI's liquidity.

Joint venture

MDM is a three-way venture involving Morgan Guarantee, Deutsche Bank and J. Mello, a holding company owned by the Mello family whose financial tentacles reach across vast tracts of Portuguese industry. MDM was in fact founded in 1973 when it began life as a financial consultancy.

In contrast to the discreet image of the investment companies, the leasing industry tends to beat its promotional drum as loudly as possible. Locapor is by far and away the largest of the companies, and, after a sticky 1983, it hopes to start to move forward again in the current 12 months.

PORTUGAL'S LEASING COMPANIES (Es bn—end-1983)	Capital assets
Locapor	1.9
Euroleasing	1.08
Sofinbloc	1.05
Imoleasing	0.48
Leasinvest	0.45
Slibail	0.4
Lusoleasing	0.36

Source: Industry estimates.

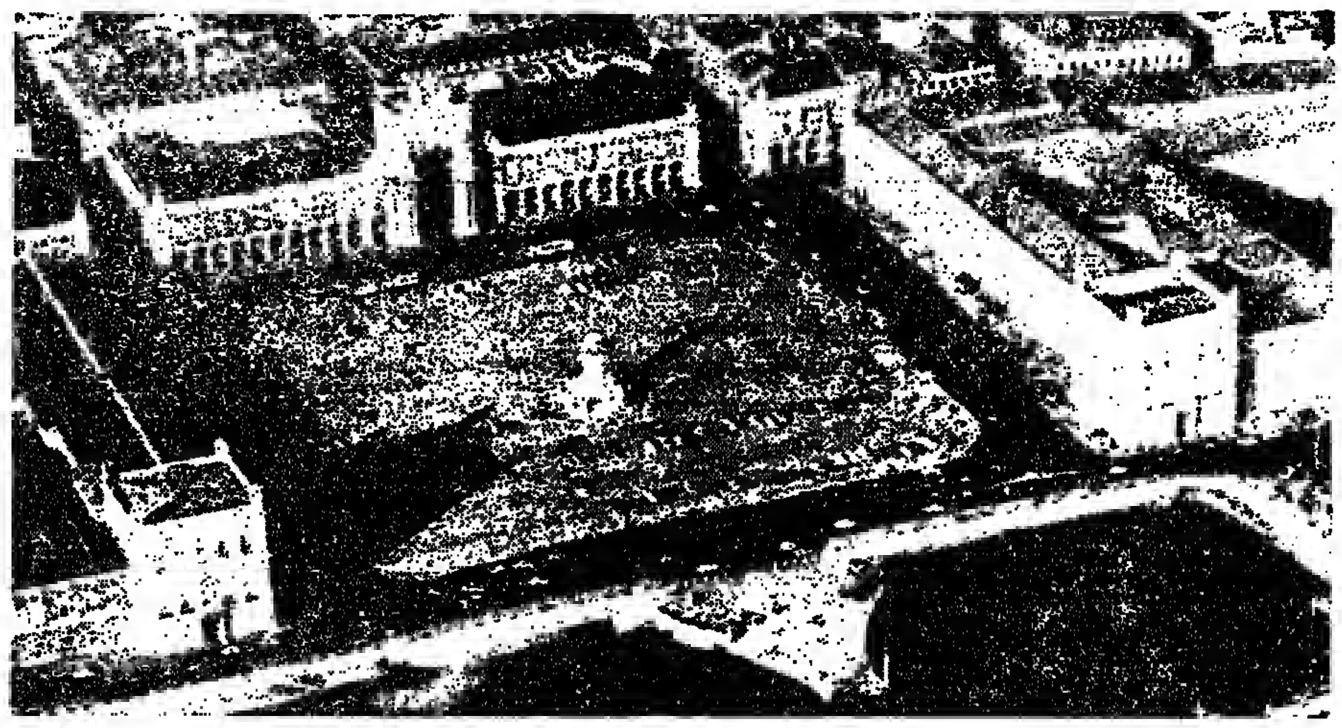
A shortage of funds forced Locapor to turn away business last year but 1984 could see this trend reversed. From January 7, leasing groups have been allowed to move into the motor leasing market (albeit for cars up to a maximum of 1200 cc) and the advent of bond issues to the public should help shore up any weakness in available resources.

Leasing companies have to have a minimum capital of Es 200m—half that for an investment company—and Locapor has already extended its capital base to Es 500m. Leasing business tends to focus on office equipment, data banks, computers, information systems and copying machines. Eventually, the group sees its motor business accounting for as much as a third of total capital assets.

With one exception, Imoleasing which specialises in property business, all companies offer equipment leasing services. The top three in size accounted for around 70 per cent of total business in 1983. An eighth company, Multileasing, is about to bring more depth to the market. Multileasing has Portuguese, Brazilian and U.S. backers.

By Portuguesa standards, demand for leasing services is rising fast. New business in 1982 was less than Es 1bn: for 1983 the figure was closer to Es 6bn. But, as ever, government controls hover in the background. New business is geared to capital on a 1-for-10 basis, and increases in company net worth have to meet with central bank approval.

Jeffrey Brown



Lisbon's Black Horse Square: the Finance Ministry and the Stock Exchange are on the right of the picture. The Lisbon stock market was augmented in 1981 by the reopening of the Oporto Stock Exchange. By international standards, Portugal's stock market is relatively tranquil

Signs of stockmarket revival

THE STOCK MARKET in Portugal is no place for the energetic. No ticker-tape blizzards or demands for throat pastels from hoarse voiced dealers here. In fact nothing much happens at all. But at least the concept survives, and those with their ear to the ground will suggest that business is reviving.

The Lisbon market was augmented in 1981 by the reopening of the Oporto Stock Exchange. Between them they have little to offer equity buffs, but the market for fixed rate paper can have its busier days. Since 1980, companies have been allowed to tap the bond market and today corporate bonds vie with Treasury paper in terms of weight of issues.

In practice, the stock market has never had much of a say in the financing of Portuguese business. Today, as in the past, bank money is the mainstay. Its hopes for a more profitable future depend on the politicians and the extent to which private enterprise will be allowed to help in the recovery of the economy.

After two years of closed doors, courtesy of the revolution, the Lisbon Stock Exchange reopened to government bonds in 1976. A year later trading resumed in shares. But by then the nationalisation of the banking and insurance industries had totally undermined credibility, removing 45 companies and the two most important stock market sectors from daily trading.

This year business in shares has got away to another flat start, and in many respects the stock market is almost exclusively a place to buy and sell bonds. A noticeable absence of profits and dividends in recent years has not helped. Where there is demand for shares, it tends to centre on a handful of companies.

Heavy losses

Despite its recent problems, Lisnave is still a name to conjure up speculative interest. Heavy losses last year forced this big shiprepair business into the hands of the state. Other shares with a following include Vimeiro, the mineral water group, and Fornos Eletricos, a major smelter.

But the bond market is where a good 90 per cent of the main action lies. Thanks to corporate financing, there is a fairly regular flow of new issues, and tax incentives help tempt potential investors. Corporate bonds usually yield a couple of percentage points over base rates, and interest is paid free of the 22 per cent tax levied on the returns from bank deposits.

Maturities tend to centre on the five- to seven-year range. Until the recently introduced cash bonds, modelled on France's "bons de caisse," the stock market was just about the only forum for medium-term fixed rate investment. This apparent monopoly has led to accusations of new issue abuse.

The time lag between application for bonds and their eventual issue can extend for two to three months. Payment has to be met in full on application. Thus bank commissions on new issues can be very juicy indeed, ranging from 2 per cent to 10 per cent on bonds of up to seven years. Understandably, the banks are keen to see more use made of the capital markets.

Like their counterparts in Italy, Portuguese share and bond traders have a penchant for unofficial dealing. A recent Bank of Portugal discussion paper highlighted what it described as "the marked preference for transactions outside the stock exchange."

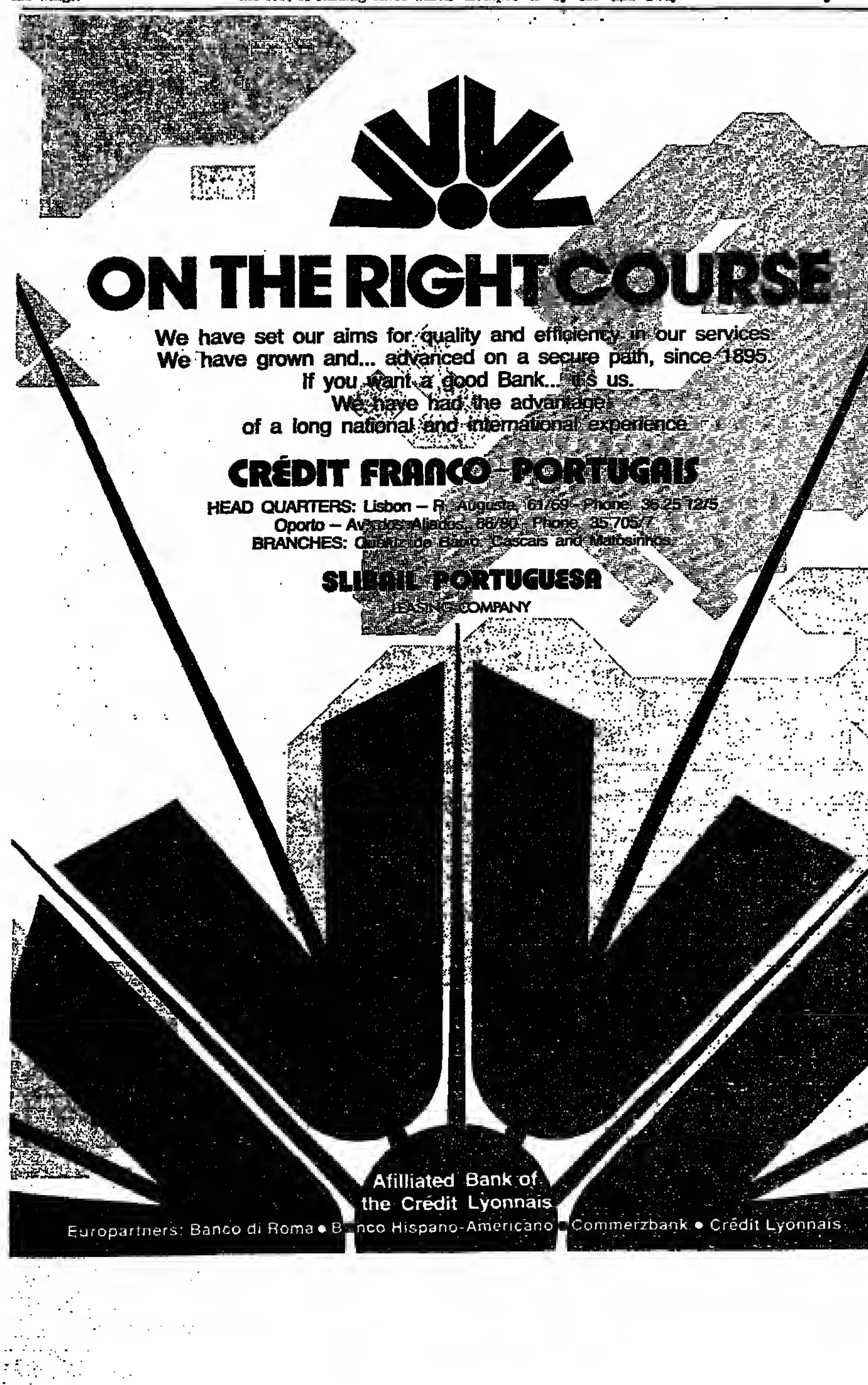
Inside the Lisbon exchange, proceedings are remarkably informal. Business ticks over for an hour or so each working day with three or four traders — plus one trading floor clerk — doing their best to drum up demand. Each broker strives to put together two sides of a deal. Where he cannot do so he will turn to one of his competitors for help.

High costs

Although none of the multinationals operating in Portugal has been tempted to do so, foreign companies can issue capital. Escudo funds might avoid currency risk (over the past couple of years the escudo has more than halved in dollar terms) but borrowings costs are frightenly high by most European standards.

Foreign share or bond issues cannot be made a way of sidestepping the provisions governing capital imports or exports. The Portuguese authorities also draw the listing of bonds in foreign currencies.

J.B.



Likely newcomers in the financial field. Jeffrey Brown reports

Big names join the queue

THE POLITICAL pathway leading Portugal's banking system towards much needed—and long overdue—infusions of new capital has finally been cleared. The move is modest seen against the wider, world role of international banking. But for Portugal it is a brave and radical step.

The authorities are feeling their way with obvious caution, mindful of the problems that blew up when neighbouring Spain opened her doors too quickly to foreign banking competition. But there is, equally, a determination to see changes made. As for the potential newcomers, a number of foreign banks already have applications on the table.

According to the Bank of Portugal, 12 banks have indicated some willingness to open full banking branches. Citibank, the world's largest international bank and therefore one of the more obvious candidates, says it has had a de facto application before the central bank since 1981.

The Bank of Portugal will allow up to six new banks to open, *probably early next year*. If all goes well, they will be the first wave in what—from this distance—is seen as an *eventual total of around 15 new* banks planned to sit alongside the existing 12 to augment, expand and help modernise the system.

The newcomers could well include one Portuguese bank, and all will be small in comparison with the nine nationalised Portuguese banks. Their entry will be carefully controlled through credit ceilings and capital ratios, and there will be limited scope, initially, for international banking muscle to show its paces.

In line

The minimum capital requirement has been set at Es 1.5bn, or around $11m. This is right in line with bank entry fee into Spain following the recent increase in capital requirements, and is barely a quarter of the published capital and reserves of some of the more go-ahead Portuguese banks. Banco Espirito Santo has a net worth of Es 6bn, for example.

The Bank of Portugal has begun to pave the way for a more flexible and broader-based financial system. A start will be made this summer on a limited form of inter-bank foreign exchange dealing: and a wider range of money market instruments is to be allowed.

By non-Portuguese standards, *progress may be slow*. But at least it is progress, and in the right direction.

The central bank, *for its part*, is plainly keen to upgrade the banking system. It would like to see a round of mergers among the local state-owned banks as a means of rationalising and strengthening Portugal's banking hand. The current list of nine Portuguese banks may one day be reduced to five.

The introduction of new private capital is seen as a lever in this respect. The Bank of Portugal hopes that competition will stimulate the established banks into modernising their business methods—and not simply cream-off available higher margin business at the expense of a long-term commitment.

Citibank understands the Portuguese dilemma and says—soothingly—that any new bank coming in would do so for the "long haul." Citibank has had a representative office in Lisbon since 1978. It would like to have two full banking branches at the outset, one is Lisbon and the other in Oporto.

To some extent, Citibank's reasons for opening in Portugal are to do with external image. It is the largest international bank with 2,500 branches, affiliates and subsidiaries in some 95 countries. Portugal adds to the list. Although any Portuguese branches would lose money over the first couple of years, they would keep Citibank head of the international banking league.

In Spain, Citibank has been able to acquire a local ready-made banking base through the purchase of Banco de Levante which has some 78 branches. There are no obvious candidates in Portugal for an acquisition, says Citibank.

Questions

Some 22 foreign bank representative offices are presently crowded into Portugal. Some, like Bankers Trust the big international wholesale bank, see little merit in taking up full banking status. Others are in no hurry anyway.

There are a lot of unanswered questions about the present banking structure. At the same time, Portuguese economic recovery remains a long way off, and the key attraction—to many banking eyes—has still to be resolved. Portugal's entry into the EEC.

The banking decree on the introduction of new capital, approved by the Portuguese Government at the start of the year, contains few surprises. It is the usual mixture of legal jargon and civil service subterfuge. But the regulation allowing 25 per cent of new bank staff to be imported does look to be a fairly attractive concession.

As for new Portuguese capital, both the central bank and the new players have to tread a delicate path. The new potential participants are understandably keeping a low profile. But three groups are understood to be eagerly limbering up on the sidelines. These are the Mello, Espirito Santo and Quina families, all of whom already have extensive links with Portuguese business.

The Mello interests, headed by Jose Manuel de Mello, are part of a three-way partnership which recently formed the investment company MDM. In conjunction with Morgan Guarantee and Deutsche Bank, the Mello group would like to take on a more active merchant banking role within Portugal.

But everybody's favourite for the first Portuguese institution past the new banking post is SPI, the investment company formed in 1981 with the help of a 25 per cent widely-spread foreign shareholding. The other shareholders are 100 Portuguese companies, and the boardroom line-up contains some remarkably impressive local business and political names.

Well over half of SPI's available funds come from foreign sources, but the company makes no bones about its hopes to one day take deposits in Portugal.

Diana Smith looks at the insurance sector

Gearing up to competition

THE EUROPEAN Economic Community is Portugal's natural habitat. But—assuming there is an EEC for Portugal to join one day—the EEC's competitive thrust and modern insurance techniques will require new skills and sounder finances for national insurers.

The push towards tougher capital requirements is provided by new legislation re-opening banking and insurance to new capital. Today, Portugal's six publicly-owned insurance companies, who handle 73 per cent of the market all have the same capital: Es 200m ($1.5m). It is small for their needs.

In future, if inspired guesses of insurance experts are correct about new capital requirements, an insurance company not dealing in life insurance will need Es 200m minimum capital. One dealing in life insurance will need Es 350m ($2.6m).

The new legislation distinguishes clearly for the first time in Portugal between life and non-life companies. This complements legislation that now gives life insurance policyholders a share in insurers' annual profits.

The "A" share can either take the form of cheaper premiums or the same premium cost for larger benefits. Life insurance is Portugal's most lucrative branch: the new legislation compels companies to distinguish life insurance profits from their other activities.

As Portugal moves towards the EEC the difficulties faced by companies in getting a return on their assets become more glaring. The largest single asset held by insurance companies is real estate worth Es 38bn ($266m). This represents 60 per cent of all assets. But commercial and domestic rents have been frozen for generations, allowing some people to rent eight-room flats for Es 270 (£140 a month) while maintenance costs soar.

Recently efforts were made to raise commercial rents. Domestic increases are also on the cards. If this happens it will considerably increase the value of insurance company assets.

If one official hand delivers rent increases, the other threatens to take away an important part of insurance activity in Portugal: work accident compensation. Involving technical reserves of Es 15bn ($105m) and occupying 5,000 of the insurance sector's 13,500 employees.

Draft Bills lodged by the Government and by the Christian Democrat Party propose to shift work accident protection and compensation from insurance companies to the official social security system—at a time when other European countries are taking this item out of their overloaded social security budgets and handing it to insurance companies. Portuguese employers are compelled to take out work accident insurance.

Companies are deeply worried about this, and are closely watching the progress, through parliamentary committee, of the proposals.

Less controversial is the establishment in late 1982 of the Associacao Dos Seguros Portugueses—the Portuguese insurance association, a private institution (which publicly-owned companies may join) which handles training, studies, public and international relations, documentation and special publications for the sector.

The association headed by Sr Rui de Carvalho, former president of the Portuguese Insurance Institute, a body dependent on the Government, has assumed many of the institute's former functions leaving it to the government body to regulate and supervise the industry.

The association now has two job training centres, one in Lisbon, the other in Oporto, which handle 6,000 people a year for basic insurance technique courses, intensive courses for senior management, and loss prevention courses.

The association has also taken over the three monthly specialised publications put out by the institute. Its aim is to foster the interests of insurers as a whole and contribute to more professional attitudes and practices in the sector.

Experts assume that legislation allowing new capital to enter the sector after eight years—when existing foreign operators could work on their own or in joint ventures with Portuguese shareholders but no new enterprises could be formed—is unlikely to bring a spate of new companies.

The major foreign insurers have been active here for years and the somewhat old-fashioned market with a population not yet tuned in to the range and depth of insurance is not overwhelmingly attractive.

Progress is sluggish for direct foreign investment

Why foreign groups are cautious

PORTUGAL'S recent success in attracting foreign investment has been less than exciting. It has not had timing on its side. Externally, the corporate world has been soft-pedalling on capital spending. Internally, there has been political change and uncertainty, and a very weak currency.

In recent years, capital spending by companies in Europe has tended to concentrate on existing operations at the expense of Greenfield investment of the sort that Portugal hoped to attract. This has been particularly true of the multinationals. In 1983 new direct foreign investment went nowhere in real terms, according to Portugal's Foreign Investment Institute.

Against a 1982 figure of around Es 6.8bn, direct foreign investment operations last year totalled Es 13.5bn. But over the intervening 12 months the Escudo-dollar rate crumpled, sliding from around Es 90 to the dollar to something like Es 135. Thus, in real terms, little progress was made.

For its part, the Foreign Investment Institute is disarmingly candid about the poor inflow. It recognises fully the difficult choice that foreign companies face. There is no lack of competition—soft credit, tax breaks and the like are found just as abundantly in places like Spain or Ireland—and Portugal does have its own very special problems.

Not the least of these is the "sheer sweat"—in the words of one banker—of the practicalities. Portugal's system of investment incentives to foreign companies is a labyrinth even by the necessarily defensive standards of these things.

Beyond the paperwork, moreover, there are still far too many unanswered questions. Portugal's acceptance into the EEC, for example: its timing, and the protective trade measures to be expected during any transitional period. The local laws on job protection are only very slowly being brought into line with what counts in the real world. And then there is the currency risk.

The currency timing is perhaps the most vital ingredient in the mix. The Escudo has more than halved against the dollar since 1981, and as a result a Portuguese costs base must rank as a dream come true for the average manufacturing company finance director. But the Escudo is still being trimmed monthly by the Bank of Portugal, and foreign exchange stability looks some way off.

France and the U.S. have the biggest individual country stakes in Portugal at present, accounting between them for just over 50 per cent of direct foreign investment in recent years. Some way behind these two come the Swiss and the West Germans with around 9 per cent each. Japanese investment has so far proved modest.

The Foreign Investment Institute points out that about four-fifths of investment comes from just five countries, the U.S., France, Switzerland, West Germany and the UK. It says that under present economic structures it could happily accommodate three times as much foreign investment, and has been busy banging the drum to this effect.

By next month the FII will have opened its first overseas representative office in New York. A recent technical mission to Japan is seen as a marker for many further high-powered sorties into the industrialised world. Having attracted Renault and General Motors in the past (but let Ford slip through its fingers), the FII is keen to tap investment by Japan's motor industry.

Starting in 1980, Renault has set up four main plants in Portugal, mostly for the manufacture of cars, gear-boxes and engines. Employing about 3,300, the project is the largest single foreign investment. Renault exports around a third of cars produced, while for gear-boxes and engines the export ratio is closer to 50 per cent.

General Motors is the main foreign partner in two large manufacturing plants representing an investment worth $50m. One makes cables and the other plastic and rubber components for the motor trade. Although GM has gone in with local interests, there is no requirement for Portuguese equity participation. A point the FII is keen to stress.

The FII has decided that the time has come to raise as far as possible its own profile as a means of increasing the capital flow into Portugal. A second foreign representative office is earmarked for Frankfurt and it plans to attach more commercial staff to Portugal's many foreign missions abroad.

The FII has a staff of more than 70 within Portugal. By the end of this year its branches could be spreading rapidly across the rest of Europe and Africa. It concedes that centuries of empire have left the Portuguese foreign service with a less than business-like legacy.

Jeffrey Brown

After the nasty medicine

CONTINUED FROM PAGE ONE

he could have a stickier time than he might suppose.

A recent sample indicated that former Prime Minister Sra Maria de Lurdes Pintasilgo, if she stood on a platform backed by the current President, Gen Antonio Ramalho Eanes, would come in *first in Lisbon* and the south, that Sr Diogo Freitas do Amaral, the former Christian Democrat leader, would be able to claim Oporto and the north, and that Sr Soares' only hope would be to sneak in between them.

An important factor is how the 49-year-old Gen Eanes, who was re-elected three years ago and who has to stand down from the presidency, plays his cards. A group of close supporters, the Movement for the Furtherance of Democracy, which stands for "ethical and political renewal" and bears the unfortunate initials MAD, is poised to transform itself into a party. The President, meanwhile, is able to make the most of his privileged political perch—not taking sides, for instance, in the abortion row.

He recently lobbed a large pebble into the pond by bringing up the possibility of a breakdown in the coalition—widely seen at the time of last April's elections as a last chance for Portugal's present party-political structure. In an interview with a Macao newspaper, President Eanes said that if *the Government* failed "the country would not stop, neither would democracy be endangered. It would only be a case of party politics coming to the end of a cycle . . . another phase would begin, with some differences with respect to the present one, gaining from everything the first phase has taught us."

Sra Maria de Lurdes Pintasilgo, a former Prime Minister: support in Lisbon

It was a somewhat Chinese pronouncement, and the Socialists' parliamentary commission instantly attacked it for "reopening the doors to political instability."

Given the uncertainties, foreign banking interest in Portugal is likely to be limited and long-term. The entry price of Es 1.5bn minimum capital ($11m), geared to the Spanish level, is still high although it was originally due to be higher.

As many as 15 foreign banks are understood to be applying, but their own viability studies may well whittle the number down and those that complete the course can be expected to devote themselves to specialised operations.

They are still in the dark about how the system of monthly credit limits, Portugal's adapted French-style means of monetary control, will be applied to them in the first stages.

Even so, new interest in banking is much more active than in the insurance sector, also due to be opened up. Although insurance is 70 per cent dominated by Portugal's six nationalised groups, foreign companies control three-quarters of the insurers already installed and are well entrenched in the life assurance business.

The last few years' innovations in leasing companies—*largely geared to computer* hardware — and investment banks have met with considerable success.

But the investment banks have not taken up the role of promoting new projects and have been mostly engaged in lending. Venture capital is, so far, an idea that has just not taken off.

The state-owned investment company Sociedade Financiera Portuguesa, set up as a joint venture concern back in the Caetano period, has never fulfilled its ambitions.

Development in Portugal is blocked by a general unwillingness to put money on new ventures, by a clumsy tax system that gives entrepreneurs no incentive to reinvest profits, and by the resistance of family interests to cede a share of control.

One project the Government has up its sleeve, is the setting up of investment funds, like the French "Sicav," which could put some zest into the dormant and diminutive stock market. But austerity such as Portugal has been putting itself through these last few months does not tend to be a great breeder of confidence.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Motor Iberica under new ownership

How Nissan made quality a Spanish obsession

BY DAVID WHITE



Under the joint rule of Shizuka Kaneko (left) and Juan Echevarria (right) Motor Iberica produces the Datsun Patrol for the European market. Echevarria, the chairman, says: "The Japanese and Spanish methods of working are not as different as all that"

"QUALITY gives a firm a future." "Quality is everybody's business." "Quality is not what you inspect, it's what you make."

The big yellow posters, staring from almost every corner of the Motor Iberica commercial vehicle factory in Barcelona, may be a foretaste of the kind of indoctrination British workers will be getting when Nissan sets up its car plant in the UK.

Motor Iberica, which started producing the Nissan Patrol, a four-wheel-drive cross-country vehicle, a year ago, is Europe's first Japanese-controlled motor company.

"The Japanese and Spanish methods of working are not as different as all that," claims Juan Echevarria, the chairman, who came up through the company when it was still under Spanish control. "What happens is that the Japanese put more emphasis on quality and place responsibility for quality on each worker."

Unlike Nissan's simultaneous move into Italy, a two-day 50-50 venture with Alfa Romeo near Naples, no one is making any bones about who is supplying the input.

On the shopfloor the Japanese presence is discreet—on a normal day there is not a Japanese to be seen there—but some unfamiliar innovations have been seen. Take for instance the marble platform, installed at Nissan's insistence and claimed by the company to be the only one of its kind in the country, designed to provide a faultlessly flat surface for measuring ground clearance. The Japanese do not go in for approximations.

The most extravagant addition made to Nissan specifications is more than £20m worth of new paintshop with an electrolytic unit, all pressurised to keep dust levels down, and as clean as a hospital.

"We've become obsessive," says a Motor Iberica official. The minutest paint flaws are picked up and corrected. Luxury finish is a key marketing point for the Patrol in competition with other "off the road" vehicles, but the same criteria are also now being applied to Motor Iberica's other trucks and vans.

Wall-charts log up targets, performance and the number and cause of rejects. At the end of the Patrol assembly line the finished products are clocked through one every 12 minutes, with every stoppage timed and recorded. A foreman says people do not mind the new discipline. "It's less tiring working here now. There's no physical effort, and it's clean work."

Among 10,000 Motor Iberica workers, there are only eight resident Japanese, including the vice-chairman, Shizuka Kaneko, who is a member of Nissan's board. But the company is attaching itself firmly to the Nissan image. A new publicity campaign — "Nissan — Motor Iberica, a worldwide phenomenon"—has been launched to promote the Nissan name in Spain.

In Spain's protected market, Japanese car producers are still strangers. The three Nissan Laurel limousines used by Motor Iberica's top executives are probably the only ones of their kind in the country.

Motor Iberica has a chequered history. It began life as Ford Motor Company, in Cadiz, in the time of Henry Ford I, and moved to Barcelona a decade before Nissan ever existed. It became Ford Motor Iberica with the entry of Spanish shareholders and Motor Iberica when Ford pulled out, leaving some licences, at the end of the 1950s. In the mid-1960s Massey Ferguson bought up a 36 per cent stake and in 1980, in the middle of its financial crisis, sold it to Nissan.

Two years previously sales had been close to 34,000 vehicles. Two years later, they were 45 per cent down. Tractor sales in the same period slid by 55 per cent, the harvester and farm machinery business slumped and output of diesel engines was halved.

Partly under pressure from the Spanish Government, Nissan extended its holding to a majority two years ago. It put an end to the institution of a figurehead chairman (who was mostly in Madrid) and promoted Echevarria, one of the company's "tough men."

The Japanese group now has 70 per cent control and is likely to increase it further. It has so far pumped in Pta 11bn (£49.5m)—its original purchase plus subscribing to share and bond issues — a bit less than the £50m it plans to invest in its UK venture. In purely financial terms it has got nothing back.

"We could not expect immediately to obtain a direct profit," says Yoichi Koshiyama, a Nissan representative on the Motor Iberica board, responsible for liaising between the two companies. Indeed, Motor Iberica's losses have not stopped going up — from Pta 3bn in 1982 to about Pta 4bn last year, on turnover of around Pta 50bn.

"Because of the economic recession," says Koshiyama, in a cryptic recognition that all has not gone according to plan, "there has been some modification of our concept with regard to Spain." One result is a delay in the introduction of the Vanette, the second product covered in the two companies' original licensing agreement. The Nissan small van, which was to have been in production in Spain by now, has been rethought, made bigger to suit the European market, had a diesel engine put in and is now scheduled for late this year.

However, Koshiyama insists that Nissan is maintaining its commitment to Spain as the basa for its commercial vehicle business in Europe, North Africa and the Middle East, as part of the group's aims of holding a 10 per cent share of the world motor industry.

Motor Iberica continues to make Massey-Ferguson tractors and Ebro lorries and vans, which it now markets through Nissan's export network.

"But we will probably have to make fewer products in larger quantities," says Echevarria. The Spanish company is set to become progressively more integrated into Nissan, relying heavily on the group's research resources and its commercial coverage. Nissan's technical support — with teams being sent out to Spain for short periods — is indispensable, he says. Motor Iberica will eventually move over to Nissan technology in all sectors except for tractors—and even there Japanese know-how intervenes in reliability and quality control.

The Patrol, now being produced at a rate of 26 a day and building up to the target of 15,000 a year, still depends on a monthly shipload of parts from Japan. The Spanish share, in peseta value terms, is now between 60 and 65 per cent; in a year's time it aims to come close to the 85 per cent level stipulated by the Spanish Government.

The Japanese supplies are principally pressed sheet parts for the bodywork—it is too expensive to import the presses—while the chassis, gearbox and motor are Spanish-made. The motor now being fitted is a Nissan-adapted diesel from the Spanish Perkins factory which came into Motor Iberica's possession as part of its original deal with Massey Ferguson. But a higher performance Nissan motor is envisaged for the export market. Spanish-made Patrols have so far been sold only in Italy, but Motor Iberica has applied to start selling in France and will later take over other markets such as West Germany, which are currently supplied from Nissan in Japan.

Apart from Japanese faces, the other conspicuous absence on the production line are robots. Automatic welding and electronic controls have been introduced but the work, because of the limited output, is still largely manual.

The scale of the operation, according to Koshiyama, makes any productivity comparison between Spain and Japan impossible. But he says that on the basis of Nissan's other experience outside Japan (in Mexico, Australia, Italy and its new pick-up factory in Tennessee) the Spanish workforce has measured up well.

Echevarria believes that in a full-scale car facility similar results to Japan's could be achieved. He minimises the degree of culture shock involved in adapting to the Japanese work ethic.

The changeover is so far being achieved without major labour problems. Nissan can to some extent feel on home ground, in that the Spanish company has a house union, a common feature in Japan. The union ranks on roughly equal terms at the factory with the big labour federations, the Communist Comisiones Obreras and the Socialist UGT.

The former combative spirit of Motor Iberica workers appears to have been undermined by years of underproduction and job uncertainty, and the rigid, paternalistic management style that has evolved in recent years.

"You used not to be able to contest anything," says an old employee. But while management tends to be more open these days, workers no longer enjoy relatively high rates of pay since wages have not kept up with inflation.

The big change now being studied is the introduction of "quality control circles" on the Japanese model—making groups of employees responsible for checking their own and other people's work and removing the need for inspection stations.

Can the Nissan corporate creed—"that human beings, if properly treated and motivated, are basically good and can therefore supervise their own work"—take hold in a country like Spain?

"The problem," says Echevarria, "is getting people interested and generalising this interest. It's a philosophy." He rejects the idea that Japanese principles are valid only for Japanese. "There is only one thing, be says, that makes the Japanese different: "They're applying them."

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Substituted service

A tradesman accepts a cheque for £1,500 from his customer, who is a foreign national resident in London, with a current account at a London branch of a clearing bank. After delivery of goods, the cheque bounces and the drawer of the cheque cannot be traced. The branch of the clearing bank refuses to provide any information which would help the tradesman to trace the customer. It is not certain that the customer is still resideot in the UK. He may have returned to Saodi Arabia.

Is there any relatively inexpensive method whereby "discovery" could be forced upon the clearing bank in order to obtain overseas forwarding addresses, or other details?

No, discovery would not be available as you suggest. It would, however, be possible to obtain a court direction for "substituted service" and the English bank may be ooe of the addresses at which service might be directed (as well as by advertisement).

Retirement relief

My wife and I condnct separate businesses in our own names from different premises. I own the freehold of both and the two are in my name. 1—In the event of retirement is it necessary for my wife's premises to be in her name to get the benefit of the capital allowance on the appreciation in value of her property, which is the main business asset? 2—If she retires and rents or leases the property (or indeed if I do the same with mine) will the capital gains allowance be allowed at some future date when the properties may be sold? 3—If her property should be in her name, how can I do this without involving a lot of legal expenses?

1—Yes; the relief due to your wife under section 124(1) of the CGT Act 1979 will be zero until the anniversary of her acquisition of the freehold from you. Concession D7 will not help her, as you can check by asking your tax inspector for the free pamphlets IR1 (Extra-statutory concessions) and CGT 11 (CGT and the small businessman).

2—No.

3—You will need a solicitor (as the law stands); your accountant can probably recommend a local firm if need be.

Proof of share holding

I purchased some unit trust shares some time ago and have the paid cheques used for purchase, the contract notes and share certificates.

The unit trust managers and their registrars now say that my holding is substantially less than that shown on the share certificotes and a dispute has arisen.

Can you please tell ma if a registered share certificate has any legal standing as proof of my total holding of the shares?

If both the contract notes and share certificates show you as having bought the number of units you claim, you have a very strong case to require rectification of the register of members to show you as the holder of the full number of units which you bought.

Questions from the floor

I shall be obliged to know if it is permissible for a club member to question from the floor and pass comment on the Financial Report made by the treasurer.

Also, is it obligatory for the final item on the agenda of the annual general meeting to be "any other business"? If not in what way does a club member introduce questions from the floor?

The rules of the club may determine the provision. If there are no express provisions to the contrary, and if members have a vote, it would be usual to permit a member to put a question to the committee or board of directors, as the case may be. It is not obligatory, although it is customary, to have on the agenda "any other business." A member with a specific complaint or query would probably have to give notice of his wish to have it on the agenda and an extraordinary general meeting may have to be requisitioned—if the rules provide for this.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

NEW BUSINESS PROGRAM COMBINES MODELLING WITH WORD PROCESSING

Lotus launches a successor to 1-2-3

BY LOUISE KEHOE IN SAN MATEO

IT WAS as easy as "1-2-3" for Lotus Development Corporation to sell $53m worth of personal computer software programs last year. The Massachusetts company's single product, "Lotus 1-2-3," an integrated business program, is the top selling personal computer program for office use.

The success of 1-2-3 has made big profits for Lotus and launched the company into public ownership last October.

It has also made Lotus very influential in the personal computer business. People buy computers just to run 1-2-3, and the types of computers they choose are influenced by which machines the Lotus program will "play" on—primarily the IBM PC.

That made yesterday's launch of Lotus' second product all the more significant.

Lotus is attempting to become one of the very few software companies to have more than one "hit" program.

Yesterday it introduced "Symphony," another integrated software package for the IBM PC.

Already industry pundits are predicting that "Symphony" will outsell 1-2-3 and confirm Lotus' lead in business software. "Symphony is music to my ears," enthused Ralph Gilman of Inforcorp, an industry analyst who has a way with words. "I think it will be very successful."

Like 1-2-3, Symphony is an integrated package of programs that covers most business applications. To the spreadsheet analysis, data base management and graphics of 1-2-3, Symphony adds word processing and communications.

Lotus has also upgraded the Original functions found on 1-2-3. The Symphony spread sheet has more rows and columns. The new graphics application includes extra types of graphs.

The advantage of an integrated program is that it is easier to switch information out of one application into another. Tables and graphs can, for example, be interspersed with text. Symphony takes integration a step further by automatically updating data in each of the applications every time a change is made.

A simple example of how this works might be updating a chart of sales projections when a change is made in a financial planning spread sheet model.

Following the industry trend, Lotus' Symphony displays different sets of text data or graphics in "windows" on the computer screen. Since Apple Computer introduced windowing to personal computing (previously it was created at Xerox for the Star workstation) a year ago, several software companies have produced different versions of the concept.

Visicorp offers Visi-on. Digital Research has extended its CP/M operating system to include windows and Microsoft will soon begin deliveries of "windows."

An important feature of Symphony is that it is possible to add extra applications to its repertoire. According to Lotus, its own programmers as well as third parties will create the programs for time management, project scheduling, communications with mainframe computers, high resolution graphics and statistics that will all become optional extras.

The company expects some of these additional programs to be available by mid year.

Experienced computer users will also be able to create their own Symphony programs. When switched to "learn mode" the computer will remember a sequence of commands, text or data and store them so that they can be recalled by a single key stroke.

"Learn moda is useful for adding a standard paragrapb to the end of a letter, or teaching the computer how to go through the log on (connect) sequence for a data base," explains a Lotus spokesman.

One problem with Symphony is that it takes up more memory than most programs.

To accommodate Symphony a computer must have at least 320K of memory—more than the standard IBM PC, and more than most personal computers.

In effect, this means that a customer will also have to have an add-on memory board, costing at least $200, in addition to the program package itself.

"That is the only negative aspect of the product," commented Dr Egil Juliessen, Chairman of Future Computing, a market research firm. Symphony will, however, fit in the bigger IBM PC XT memory, and could boost sales of that model.

Lotus plans to begin shipments of Symphony in the U.S. in April, but has yet to say when it will begin selling in Europe.

The U.S. price will be $695.

Although Lotus has announced Symphony as a new programme, the company also regards it as an upgrade to 1-2-3.

Current users of 1-2-3 will be offered an opportunity to trade in their programs and buy Symphony for the $200 price difference.

The switch from simple arithmetic to the complexities of music in Lotus's new title reflects a major change in the market environment into which the new product is being launched. 1-2-3 won a straight fight with a few competing integrated business programs to attain market leadership. Symphony is up against a variety of programs that do many of the same things—but in different ways. It could also hit sales of 1-2-3, although Lotus thinks not.

"We see Symphony as a different product in terms of price and the customers it will appeal to. 1-2-3 has sold well to the financial community, it is heavily oriented toward spread sheet applications. Symphony will have a broader appeal," a Lotus spokesman said.

Just as Lotus 1-2-3 is credited with boosting sales of the IBM PC for which it was originally designed, so a couple of years ago, the spread-sheet program Visicalc did much to enhance sales of the Apple II.

Now Visicorp, the publisher of Visicalc since 1979, is involved in a legal feud with the program's developers, Software Arts.

Software Arts is seeking an injunction to stop Visicorp marketing Visicalc and has informed Visicorp that it intends to begin selling the program itself. This is the latest move in a battle that has been brewing since last September.

It started when Visicorp sued Software Arts claiming that the smaller company bad failed to deliver enhancements to Visicalc as required by an agreement. Visicalc is losing sales to more advanced spreadsheet programs like 1-2-3, Visicorp acknowledged.

In a counterclaim, Software Arts accuses Visicorp of failing to use its "best effort" to sell Visicalc but instead is promoting its new product family, Visi-on.

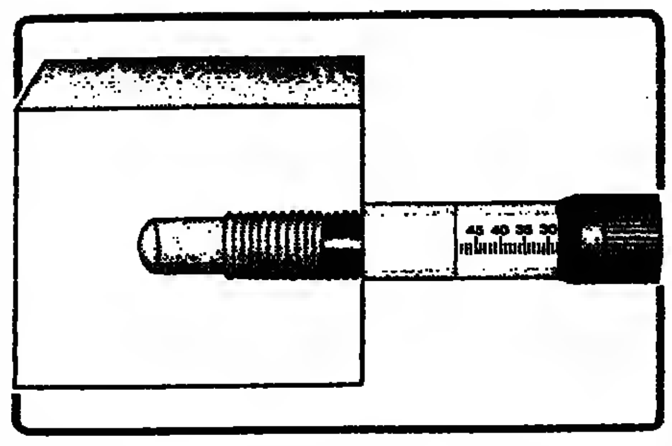
Despite all this, over 600,000 copies of Visicalc bave been sold over the past four years, making it the most popular personal computer program ever.

Mitchell Kapor, president of Lotus Development Corporation, and Ben Rosen of Sevin Rosen Partners, was the lead investor in the initial venture capital raising for Lotus 2 years ago

DANISH MANUFACTURING

How Leitech got its measure

BY HILARY BARNES IN COPENHAGEN



LEITECH, A small Danisb manufacturing company, has invented an ingenious thread measuring gauge for measuring thread diameters and depths, as well as controlling tolerances.

The invention is basically very simple, but as the tool does in one operation measurements which take two and sometimes three operations with existing gauges, Mr Leif Larsen, Leitech's managing director, claims that the gauge cuts the time needed for the operation by 50 to 70 per cent.

Introduced last year, it has already attracted considerable interest in export markets. A Swedisb anto manufacturer is expected to buy the whola of Leitech's 1984 production of 8,000 gauges and Sikorsky aircraft in the U.S. has placed a sample order.

The normal way to measure a thread is to screw a gauge into the thread, thus ensuring that the thread is of the right diameter. The Leitech gauge combines this with the measurement of the depth which the thread goes into the metal, which can be read off in millimetres on the handle end of the gauge.

The gauge has a "good" and a "bad" end, the good end showing a perfect fit. If the bad end fits, the thread is too loose and not mada to tha correct tolerance.

The gauge also eliminates the possibility of errors when measuring thread depths, an operation which with existing tools sometimes requires tha operator to carry out addition and subtraction calculations.

The Leitech gauge consists of an anodised aluminium housing, which envelopes a telescopic, spring loaded sleeve.

The sleeva retracts as the gauge is inserted into tha thread, automatically showing the depth of the thread. The thread tolerance gauge, which measures the diameter of the thread, passes through the sleeve and is attached to the housing.

The sleeve is calibrated in millimetres and can measure depths of np to three times the thread diameter. Tha gauge is availabla in four basic sizes, covering a range of 200 thread dimensions.

Mr Larsen expects that production of the gauge, which won the 1984 Danisb Design Council award for industrial design, will cause a donbling of Leitech's labour force, which at the end of 1983 was only 26. The company, at Esboenderup, north of Copenhagen, also makes parts for, amongst others, Bang and Olufsen and other well-known companies.

Mr Leif Larsen claims that the gauge cuts time needed for the operation by 50 to 70 per cent.

Radio

Text pocket pager

AIR CALL has launched what it calls a visual pager which can receive text messages of up to 160 characters and store them for display.

The page displays on command two messages of 80 characters or four messages of 40 across a 12 character liquid crystal display.

The company says that applications include the financial world where up-to-date information can be transmitted at meetings; doctors can receive medical data while with patients. More details from Air Call on 0582 603123.

Process

Controllers

A FAMILY of programmable logic controllers for use in process control systems has been launched by Automated Controls and Systems (ACS). The Selectron PLC has a range from a 12 input/eight output model to 248 inputs and outputs. More information on 0223 83444.

Telecom

Conference

AN AMBITIOUS programme is planned for the Info 84 conference at the Barbican Centre in London from February 21 to 23.

There will be three parallel streams of presentations called "management," "informer" and "advanced" containing titles such as "Taking the Lid off Telecoms" and "Forty Minutes of Futurology."

Many of the speakers are at managing director or senior management level and they will deal with such subjects as information management, communications, word processing and small business computers. More from Mrs Liz Wallace, Wharton Consultants, 27 George Street, Richmond, Surrey. (01 940 7366).

THE ARTS

Television/Antony Thorncroft

Drama takes to the streets

Drama on television has passed from the playwright to the man in the street captured by the probing camera of the documentary maker. Last night's *Play for Today* on BBC 1 for example had a curious ring of yesterday about it. For a start it was obviously an expensive film rather than some theatrical here and now, and the theme, built around the emotional pull of a child's death so beloved of Victorian melodrama, was squarely traditional.

The credits for *Young Shoulders* were promising. It was based on a novel by John Wain, whose '50s novel *Hurry on Down* deserves the innovatory praise heaped on *Lucky Jim*, and the director Silvio Narizzano was responsible for *Staying On*, Paul Scott's epilogue to his *Jewel in the Crown* which actually arrived on the television screen first. But the story of how the death of a young girl in an air crash brought her brother to maturity and an understanding of his parents love-hate relationship was too purposefully contrived to ring true.

The first melodramatic cry of young Paul: "Clare, there was so much I forgot to ask you," set the scene for an opaque merry-go-round where everything was obviously not quite as it seemed, from the wine spilling like blood on the table cloth to the warning glances and hurried asides of the adults. The parents of the crash victims go to Portugal for a service of remembrance and although their stricken isolation was well captured, the predictability of Paul's progress, through night-club to encounter with a tart to an appreciation of the complexities of adulthood, placed *Young Shoulders* firmly in the category of "television drama" to be watched for its smooth acting, location shots, and occasional frissons rather than anything relating to reality.

The Weather in the Streets on BBC 2 on Sunday was unreality of quite a different class. Based on Rosamund Lehmann's '30s novel of a love affair, it transformed the oldest story in the book into a triumph of style over content. All the props were in spanking order — the train puffed round a scenic bend; the Rolls-Royces purred on their immaculate way; the countryside behaved beautifully; all the hats, costumes, parties, champagne, country houses matched the so confidently underplayed performances of

Lisa Eichhorn and Michael York in "The Weather in the Streets"

Michael York, as the thoughtlessly susceptible married man, and Lisa Eichhorn as his willing victim.

All that happened was the inevitable but it was all done so elegantly that even sordid scenes had a period charm. With a screenplay by Julian Mitchell and direction by Gavin Millar there was no way in which *The Weather in the Streets* could fail to hold at least one eye with its costly texture. But it also managed to divorce the emotions of the characters from the sympathy of the viewer. This was art, popular but precious, rather than drama.

Such dramas as these have really a thankless task attempting to compete with the drama in individual lives exposed in those voyeuristic programmes which are the toe curling stuff of television. Every week the camera intrudes behind the faces in the crowd, leaving fellow members of humanity exposed to the speculative fancies of the arm chair ruminator. The last few days have offered rich pickings, concentrating as they have on man at his most vulnerable, coping with love and all that.

There can have been few such doomed voyages in history as the trip made by a score or so of Chicago matrons to Lisdoonvarna, a small town in County Clare where every September a marriage mart is held, traditionally the opportunity for elderly bachelors to come in from their remote plots in search of free help on their land. In theory both sides want the same thing, a marriage partner rather than a grand romance, but the Mr Fixit, the marriage broker sitting with his dusty card index in a back room, soon realised he had an impossible task in marrying off James, a 49 year old innocent from the back of Ballybunion, to any of the plump and sophisticated divorcees from suburban Chicago.

This was culture schlock of mind-boggling disparity, soberly captured by *Forty Minutes* for BBC 2, but at least the "fair young maidens" could laugh at their folly on the coach back to Shannon Airport after a week of having Guinness slurped over them in a frenzy of bar dances.

Central TV took a discursive look at Valentine's day in *Love is all you need*, following some of the weirder contemporary manifestations of courtship to no great conclusion. After a surfeit of singing telegrams we probed in on idiosyncracies, a wife picking at her nails, numb with embarrassment and a certain pride as her husband read his fawning love poems, and two male placers of lonely hearts ads, one doomed by his cringing lack of confidence, the other more objectionable after he had discovered how to change from wimp to winner.

His secret is to take on the character of Reynard the Fox, but during the transformation he has exchanged his early hope of a lasting relationship in favour of immediate pleasures with Vienna, that night's quarry, last seen giggling down a gangplank en route for Reynard's nautical lair. Whether she was a gift of Central for the sake of the story I do not know. This was peepshow television at its most potent, diverting but quite disconnected.

The Other Half, a new series on BBC 1, aims to expose the unknown partners of famous faces. The first featured Desmond Rayner, husband of Claire, the advising queen. He seemed as sensible as his wife and it was reassuring to find someone paid to help others organise their lives making a great success of her own personal arrangements. But it would be naive to think that all had been laid bare in 30 minutes, and there were some tantalising glimpses that the Rayner children might not be so problem-free. In fact all three programmes provided the starting point for any number of speculations.

Everyone was on their best behaviour in *A touch of culture: the Royal Shakespeare Company*, an account of the very successful annual visit of the RSC to Newcastle, apart from a group called Theatre in Education which had the boldness to let itself be filmed indulging in quite blatant Left-wing agitprop on a school visit to the youth of the area.

Libuše/National Theatre, Prague

A paean to Czech history

Andrew Clark reports on the re-opening of Czechoslovakia's national opera

Cultural nationalism was a potent force in Prague a century ago, and—judging by current operatic repertoire and the enthusiasm surrounding the recent re-opening of the National Theatre—it is still very much alive. When Josef Zitek's beautiful theatre was opened in 1883 (after a false start in 1881), it was the material expression of a growing tide of Czech cultural assertiveness, in which Smetana was a leading musical force. Today the building is still a much-needed and much-loved symbol. The renovation work, covering a six-year period of closure, and the erection of a strikingly modern building by its side housing a small theatre-in-the-round, have been spectacularly successful. Love and care—not to mention expense—have been lavished on every detail of the main theatre, which is an unusual combination of the monumental with the intimate, and is blessed with a healthy acoustic. It was a pleasure to behold.

If standards of performance show less sparkle than their surroundings, it is perhaps a sign of a company that has been surviving on limited resources—both material and artistic—in recent years. (The exception is the quality of musical direction and orchestral playing, both of which are first-class.) That paean of the Czech homeland, *Libuse*, which Smetana reserved for the theatre's opening 100 years ago, was the natural choice for the latest celebrations, and it has served its purpose well; for it sums up, in appropriately solemn terms, an air of dignity and glory in Czech history that must be elevating for its audiences today.

That cannot hide, however, the fact that as a work of art *Libuse* has severe limitations. Musically the six tableaux bear their thematic links and individual points of interest, such as the opening fanfare, the impassioned confession of Krasava in the third scene, and the highly descriptive pastoral air of the whole of Premysl's extended solo in the following scene. But there are extensive passages where not even Smetana's fiery and at times colourful orchestration can hide a distinct lack of inspiration or memorability.

The work's scope for transcending Czech geographical boundaries is limited most crucially by its simple narrative structure, which does not possess enough psychological depth to act as a parable of human nature, and lacks the interplay of character and subtlety of dramatic situation to make good theatre. The work's only dramatic thrust stems from the dispute between the volatile Chrudos (the most interesting character in the opera) and his brother, but such material is too flimsy as it stands.

Apologists for *Libuse* may claim that Smetana succeeded in the task that he set himself, that of creating a national pageant. But that is to underestimate his qualities as an artist. Many works of art have taken their inspiration from a narrow base such as nationalism, but have been imbued with the kind of timeless, universal qualities and unbridled inspiration that appeal to different cultures and make their reinterpretation constantly fascinating. It would take an extremely bold and imaginative stage director to bring *Libuse* to life outside home territory.

The new Prague production by Karel Jernek is unpretentious, with simple, representational scenery that provides visual continuity and leaves maximum room for following the words. Josef Svoboda's decor is not his most successful: the absence of any sort of backdrop forces undue attention on pencil-shaped haystacks and the barest of courtly platforms. The large tree with its evocatively-lit gauze outline is more imaginative, but the dearth of colour in costume or scenery and the absence of any sense of personal direction of singers only increased my lack of involvement with the stage proceedings. Some of this treatment, such as the bare solemnity of the processionals, would have been more in keeping with a music-drama, which *Libuse* patently is not. Throughout the performance, the work seemed to be crying out for more striking visual imagery, for a reflection on stage of the contrasting nobility, anger and peacefulness of the score, and for much more developed acting skills.

The performance in the pit was of an altogether different hue. The sheer maturity, cohesion and ripe tone of all orchestral sections confirmed previous impressions that the instrumental tradition in Czechoslovakia is rich and respected. With its warm, full-bodied strings and flawless brass, this is an ensemble to rival the best of opera orchestras, and in the musical, economical and commanding hands of Zdenek Kosler, it flattered the score. Kosler's real feel for the lyric, epic and dramatic episodes, his attentive shading of dynamic and shaping of crescendo, and the clear direction he gave his singers brought the performance much-needed élan, and made the music's ebb and flow sound as natural as breathing.

But his current task as director of the opera ensemble in Prague appears to be an uphill struggle. There are too many older singers needing to be pensioned off, and the search for young talent in the western part of the country (the eastern part is the preserve of the Slovak National Opera in Bratislava) has so far proved unrewarding.

The title role in the performance I saw was sung by the statuesque Libuse Machackova-Hruba, a youngish soprano whose voice does not sound developed enough for the dramatic demands of the part. The Slavic throb was evident in the voices of the other two principal female singers; among the men, the stage presence of Pavel Horacek as Chrudos and the lyric baritone of Antonin Svorc were the more notable features.

Libuse is not therefore the most rounded example of the company's current work, either at the National or the Smetana Theatre (the Tyl is to be re-opened for the 200th anniversary of the premiere of *Don Giovanni*). On the debit side, there is no sign of any desire to make daring dramatic reinterpretations of the Czech operatic classics, and the quality of singing is not going to improve overnight. To the company's credit, apart from the standard of orchestral performance, the chorus and principals show a pride in their work that is engaging and they have a large, enthusiastic public.

Among a series of the company's productions I have seen in recent months, two have made an enduring impression: The latest *Bartered Bride* production is a vivacious creation that respects the traditional folk element in a simple scenic framework of immediate appeal; and *The Cunning Little Vixen*, another production by Ladislav Stros, is perennially fresh in its musical and visual atmosphere.

Trust to aid young musicians

A charitable scheme to assist talented young musicians in the difficult period between leaving music school and becoming established as professional soloists has been launched as the Young Concert Artists' Trust. Basically the Trust will act as agent to around a dozen selected by audition.

The Trust will take only 10 per cent of any fees it obtains in commission and is made possible through a £25,000-a-year grant from W. H. Smith, which is also offering managerial facilities. Mr Michael Kaye, formerly of the LSO and South Bank Concert Halls, will administer the scheme which is very similar to Young Concert Artists Inc in New York, which has provided the service in the U.S. for 20 years and had artists like Pinchas Zukerman, Murray Perahia, and Emanuel Ax on its books.

What makes the Young Concert Artists' Trust credible is the reputation of its board of directors, which includes the former chairman of the Arts Council, Sir Kenneth Robinson, Miss Jane Glover, Sir Ian Hunter, chairman of agents Harold Holt, Mr Robert Ponsonby, controller of music at the BBC, and Mr William Stiff, managing director of the other leading agents, Ibbs and Tillett.

The artists will normally be on the books of the new agency for three years and as well as having engagements arranged will also receive advice on their careers. To begin with only pianists, violinists, cellists, string quartets and singers will be selected.

A.T.

Maldwyn Davies/Purcell Room

David Murray

Under the auspices of the Kirckman Concert Society, Maldwyn Davies gave a wide-ranging song recital on Monday with the pianist Ian Ledingham. Though he was Bayreuth's Froh last summer, Mr Davies looks more your standard Fafner: the ease with which he uses his strong tenor voice — carefully polished, comfortable in a high tessitura—comes as a surprise. The tone does not, so far, display great variety, and the full-voice bloom doesn't carry into his soft singing. The virile timbre (well judged to the scale of the Purcell Room) is however complemented by confident, incisive line, and he is a pleasure to hear.

The first half of the programme included Mozart and Schubert, Gounod and Fauré. Davies' well-intentioned French was less convincing than his German, but good taste informed all the performances—though never any sense of a new closing thought in a few songs that wanted that. Line by Line, he communicates expertly: he makes less of overall dramatic shape (especially in brief songs to which the key may be precisely a subtle change of feeling at the right moment). In Mozart he aimed at simplicity, a bit self-consciously; the darker Schubert songs for Goethe's Harper were more interesting. In the French songs he had the right spirit, though his accompanist — always intelligent and an excellent partner —brought little allure to the piano parts.

Both artists were at their best in the English music after the interval. A lovely account of Bridge's "E'en as a lovely flower," without a trace of mawkishness, was followed by a superb "Journey's End" (brilliantly played by Ledingham), and then Britten's big John Donne cycle. The fervour and high-profile contrasts (and accuracy: Davies' pitch is splendidly reliable) that gave such vitality to the whole set would be hard to match—it is fierce, taxing music, after all, but all of it had a commanding ring that bespoke real insight, and the courage to take chances.

Minna Keal/St John's Smith Sq

Max Loppert

The story of Minna Keal, whose symphony was given by the orchestra of the National Centre for Orchestral Studies at an SPNM event on Monday, is a warming one. Born in 1909, she studied music until 1929, only to abandon it for the following five decades; but music would not be denied even so, and she returned to study (with Justin Connolly and later Oliver Knussen) and thence to composition. The symphony follows a string quartet and a wind quintet; the three-movement version played here is announced as incomplete.

Ideally, to round off the fairy tale, the symphony should have been here revealed as a work of startling genius. By no stretch of the imagination could it be accounted that; but it is at least enjoyable, energetic, colourful, and uninhibited. All three movements — louring *allegro*, wry *scherzo*, brooding *sostenuto*—inhabit the world of the late-Romantic symphony, or, more specifically, a familiar territory bounded by Mahler at the one end and Shostakovich at the other. (Though no key is established, the feeling throughout is very much of the minor key.) Motivic material is predominantly—angular plunges dressed in tremolo and heavily punctuated; on a second hearing of the work (which the SPNM concert format happily supplies), I came to feel that in fact the music operates by alternation of gesture rather than through development.

The companion piece in the programme afforded a nice contrast. Peter Paul Nash, currently resident composer of the NCOS, was here represented by two inventions for Orchestra—the first, "On the Beach," a gentle descriptive study which is also a fastidiously sustained and scored exercise in subtle motivic development; the second, "Percussion Study," rather harder to grasp in the reverberant St John's acoustics yet still marked by the same creative authority and feeling for timing. Another bearing aided further understanding; whereas in the case of the Beal symphony it had tended to underline discontinuities of musical thinking.

Saleroom

Peacock shows its worth

Antony Thorncroft

Paul Comolera was a French modeller whose life-sized reproductions of birds and animals were a feature of the Minton workshop in the late 19th century. A "majolica" peacock, five foot high, sold at Sotheby's yesterday for £19,700, double its estimate, to the London dealer R. Dennis.

It was the star lot in an auction of British ceramics. Jean Sewell, another London dealer, paid £5,940 for a Spode "pheasant" pattern "stone china" dinner service of around *1830*, with 125 pieces, and a third local dealer, Winifred Williams, bought a Chelsea oval dish of around 1755, with a design of figs, for £5,720.

The top price at Christie's sale of English ceramics on Monday was the £12,960 for a "Girl in the Spring" cream jug of around 1750. These are very rare and the price doubled the estimate.

Poppies/Tricycle, Kilburn

Martin Hoyle

The middle-aged male couple who picnic on Parliament Hill are not alone. Two corpses comment, half clown half chorus; Sammy's younger self encounters the great love of his life, a young RAF flyer later to be killed over Dresden. The radio news soothes an obviously restive public in the cause of order at the behest of a coalition government. The time is the near future.

Gay Sweatshop is back with Noel Greig's play. As ever the author's humane message is obscured by his uncertainty whether to opt for full frontal romanticism or oblique poetics.

Originally aired at a gay CND conference, the play seems to over-simplify the problems of militarism and masculinity, pacifism and polemics. Its heart is firmly in the right place; its intellect diffused and unfocused.

Apart from pleading that men should simply relate more directly to one another as individuals — and if feminists can get away with their fashionable version of the same message, it seems unfair to begrudge Mr Greig his straight-forward ideals — the one-acter touches on the nature of social, that is economic, freedom. "There's enough money in the world without being bought" is a gentle way of advocating re-distribution.

I'm not sure about the function of the two decayingly made-up corpses, invisible to the living characters, who make up another strand in the texture of memory, past and present. They spark some laughs in the hands of Philip Osment, broad Devon, and the squeakily northern Philip Timmins, who must beware of a resemblance to Richard Ingrams and a tendency to make goon-like noises.

Symbolism, with the ghosts threatening each other throughout the evening with ever bigger weapons, mixes uneasily with a more or less realistic (but bewilderingly inconsistent) yobbo, sensitively played by Dave Tomalin, plus domestic details from what might be a totally different play. Ultimately I can't help feeling that the author's apparent conviction that world peace can be assured if enough men embrace on Hampstead Heath is a specialised viewpoint; and may even have been disproved already.

★

Victoria Wood's *Lucky Bag*, first seen last October at the King's Head and warmly reviewed on this page by Martin Hoyle, has opened at the Ambassador's Theatre for a two-week season. This is a delightful show, a one-person (and piano) romp through a world of Dutch caps, converted mill chimneys, schoolgirl letters ("Funny how things turn out" is an episodic point-number of stinging delayed punchlines) and earnest pranks with a Theatre-in-Education group based on Canvey Island.

Good sense, high spirits and, above all, a devastating eye for critical detail—of yahoo actress or squeaky school debater ("I went to a mixed school, all girls")—characterise a likeable all-round (well, roly-poly) entertainer in pink suit and plimmies. Most musicals in town could benefit from a dose of Wood's lyrical talent.

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‖ 21-day deposits over £1,000 6½%.
‡ Demand deposits 5½%.
¶ Mortgage base rate.

Saleroom

A sale of English and continental ceramics, including some of the finest examples of Victorian craftsmanship, realised a total of £237,054 at Christie's the London auction house, this week.

One of the most spectacular lots was a pair of Minton vases which sold to Christopher Wood, the specialist Victorian dealer for £20,520 (estimate £8,000 to £12,000).

They were designed by L. M. Solon in about 1890. An item from the same source, a scent bottle modelled as a Chinese family was sold to Winifred Williams, the London dealer, for £4,104 (estimate £3,000 to £3,500).

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 10-16

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaité Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

CHICAGO

Death of A Salesman (Blackstone): A new production with Dustin Hoffman as Willy Loman stars a cross-country tour destined to end on Broadway at the end of March. Ends Feb 18.

Glengarry Glen Ross (Goodman Studio): Gregory Mosher directs David Mamet's story of Chicago real estate dealers which premiered at the National Theatre in London. Here the cast includes Mike Nussbaum, Joe Mantegna, James Tolkan and J.T. Walsh. Ends Feb 26 (443 3800).

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

Candida (Goodman Mainstage): Munson Hicks, better known as an actor, adds *Shaw's jaundiced view of a* minister's marriage to his list of directing credits. Ends Feb 19. (443 3800)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

The School for Scandal (Folger): With Dawn Spare as Lady Teazle and Lilene Mansell as Lady Sneerwell, Sheridan's "delicacy of hint and mellowness of sneer" comes to give inspiration close to the nation's Capitol in a production directed by Allan R Belknap (546 4000).

LONDON

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Master Class (Old Vic): Timothy West as Stalin confronting Shostakovich and Prokofiev with charges of degeneracy in their music. David Pownall's gripping new play is second into the beautifully refurbished Old Vic after the departure of Bloodel to the Aldwych. (928 7616).

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Sufficient Carbohydrate (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but truculently written comedy on a gleaming white Greek island set. Dinsdale Landen superb, yet again, as a garrulous drunk. (836 3878).

Tales From Hollywood (Olivier): Nearly the last chance to catch Christopher Hampton's witty scenario for Austrian emigrés in Hollywood between the wars. Michael Gambon is the playwright von Horvath, Ian McDiarmid a vulpine, cynical Brecht. Large-scale epic play, funny and thought-provoking on the subject of the artist in exile. (928 2252)

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

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Five years of the EMS

THE European Monetary System will be five years old next mooth—an anniversary which may not draw much attention even in Brussels. The European Community's leaders seem to find it much more exciting to strike belligerent poses over farm prices, budget refunds or steel subsidies than to discuss monetary co-operation. Thus, given the danger that the whole Community may be torn apart by political bickering within the next few months, it may seem irrelevant to speculate about whether the EMS will survive until its 10th birthday.

Yet by any rational standards, monetary stability and macro-economic policy are far more important to most Europeans than the disputes over farm policy and budget contributions which are eating like a cancer into the EEC's ability to make decisions. And even if nothing else had been gained from the survival of the EMS, it has at least refuted the misconception from which much of the EEC's myopia originates—the idea that the "macro" issues of exchange rates, monetary management and fiscal policy are too grand or touch too closely on member states' essential sovereignty, to make them fruitful fields for action by the Community as a whole.

Constraints

The EMS disappointed many by failing to bring about a rapid convergence of economic policy and achievement between its member countries. But the very fact that the system still exists, after five of the most financially turbulent years in postwar history, shows that European governments have begun to recognise the external constraints on their macroeconomic policies—and to do so, in most cases, before the recognition was forced on them by the markets through crisis.

It is worth remembering that Europe's last attempt to co-ordinate exchange rate policy—the so-called Snake of 1972—effectively fell apart within two years, when France withdrew. Evidently the political possibilities of Europe working together on macroeconomic policy are now greater, even if the results have not been inspiring so far. If only European politicians could lift their sights from the disputes about the day-to-day running of the Community and grasp these opportunities, there could be a real chance of developing the EMS over the next five years into a cornerstone of a more stable and prosperous Europe.

Such a development of the EMS faces two fundamental challenges, but the system also has one little-known success story behind it already, which could facilitate progress in the years ahead. The challenges are to enshrine economic policy adjustment even more clearly as a condition for EMS participation and to develop a coherent approach to currencies outside Europe, particularly the U.S. dollar. The success which could gradually make relations with the dollar-bloc easier is the development of the European Currency Unit (Ecu) into a fully-fledged currency with attractions to private investors, borrowers and commercial users.

The idea that economic policy adjustment, rather than devaluation or revaluation, should be the main recourse of a country whose currency moves out of alignment with the system is fundamental to any exchange-stabilisation arrangement. But, while the weak currency members of the EMS have been forced to accept this reality over the past two years, there has been less willingness by the members with strong currencies, notably Germany, to do so.

This has been understandable in the recent period because of the general agreement that counter-inflation policy must be the first priority of all European countries. However, if inflation continues to subside, while economic activity in Europe continues to stagnate, calls for more "symmetry" between the adjustment required from strong and weak EMS members will be justified.

This will become a really burning issue if the dollar begins to fall as sharply as many experts now expect.

All EMS members with the exception of Britain do well over 50 per cent of their trade with other EEC countries. A wider use of the Ecu for invoicing, trade credit and even for borrowing and investment would reduce Europe's vulnerability to the inflationary effects of a strong dollar. Fortunately this move towards the Ecu is already evident in parts of the private sector. Euromarket transactions in Ecus are now larger than in any currency other than dollars and D-marks. This is in itself an indication that European monetary coordination makes sense. And at the very least, the authorities in all EEC countries should do their utmost to encourage the use of the Ecu.

Labour moves into the 1980s

ONE OF the reasons wby the Labour Party lost the Britisb general election last June was that its overall economic policies were not thought to be credible. Despite widespread concern about the bigh level of unemployment, the bulk of the electorate judged that Labour's approach of increased public spending, more government intervention and greater state ownership was not a solution.

Among Opposition leaders Dr David Owen of the Social Democrats was one of the first to recognise publicly how much tha ground of the economic debate had changed under Mrs Thatcher. At the SDP conferenca last autumn be embraced the social market economy, stressing that it needed a human face and perhaps more competition than the present government has so far injected.

The Labour Party has inevitably taken longer to adjust, but there are signs that some new thinking is underway. The speech by Mr Roy Hattersley, the Sbadow Chancellor, yesterday, was the first in a series in whicb he is attempting to spell out an alternative to the economic policies of Mrs Thatcber which is different from the full-blooded Labour interventionism of the past. It would be unfair to judge his on his first effort, much of which was simply an attack on the Government, but the venture as a whole is entirely welcome.

Although Mr Hattersley did not eay so directly, the climate of the economic debate has changed radically since the 1970a. It is unlikely that any Britisb government in the next few years will go back to old policies of wholesale nationalisation or even old concepts of an across the board incomes policy and dependence on the trade unions to implement it. The new watchwords are competition, selectivity, consumer choice and, on the Government eide, privatisation. Mr Hattersley himself referred deferentially yesterday to the need for "supply side adjustments."

Yet it is also unlikely that Mrs Thatcber has found, or will find, the perfect solution. Soma would say that that is because abe has not been radical enough. Under the new rbetoric soma of the old interventionist policies remain: for example, in selective aid to industry or in maintaining a relatively high level of public expenditure as a percentage of gross domestic product. There is also room, however, for an intelligent critique of the Government from the Left, and it is that which Labour must now seek to develop.

Mrs Thatcher has been fortunate in being in office at the time of North Sea oil. At the very least It has been a cushion during recession. Mr Hattersley said yesterday that the oil is now a "wasting asset," and it is vital to start using its benefits to prepare for the days when it runs out. That view is probably an exaggeration. The oil has had its spin-off effects in creating new industries. But the belief that the oil bas been dissipated and will be exhausted could become a potent political theme. The Government needs to respond to it, just as Mr Hattersley needs to spell out in more detail what be would do about directing the oil revenues to more long-term investment.

There are several other issues which the Shadow Chancellor could profitably take up in his next few speeches. For instance, not even the last Labour Party manifesto seriously promised a return to full employment in the old sense. Does the Party now accept, as Mr Len Murray, the TUC general secretary, seems to have done, that the term needs to be redefined? Again, what are the Party'a views on protectionism? And what is to be the future relationship with the unions? Above all, there should be e golden opportunity to say something about the alleviation of poverty and helping the peopla who have fallen through Mrs Thatcher'a safety net.

It may take a long time before a modern economic policy is accepted by a Labour Party conference. But Mr Hattersley is at least starting aarly.

EUROPE'S ELECTRONICS INDUSTRY

Grand alliance, French-style

By Guy de Jonquieres and David Marsh in Paris

SEVENTEEN YEARS after M Jean-Jacques Servan-Schreiber, in his best-seller The American Challenge, urged a concerted European response to the global economic power of U.S. multinational companies, the banner of European industrial collaboration is being hoisted again in France.

In the past few months, the French government has mounted something of a national crusade for a united front in the battle for the world's electronics and information processing markets. Unless action is taken soon, officials warn bleakly, no European country will be able to hold its own against U.S. and Japanese competition.

"The issue is whether Europe will continue to exist as a real power in important sectors," according to M Louis Mexandeau, Posts and Telecommunications Minister. "Failure to collaborate would mean that a variety of European industries would be turned into subsidiaries, subcontracting for major American and Japanese groups."

In a real sense, the "enemy" is already within the gate. The recent arrival in Europe of American Telephone and Telegraph (AT & T) through link-ups with Philips of the Netherlands and Olivetti of Italy, combined with IBM's increasingly aggressive worldwide expansion, has jangled alarm bells in Paris.

These developments have also highlighted severe weaknesses in the competitive position of France's own electronics industry, which has spent much of the past three years in the toils of nationalisation, restructuring and a bewildering succession of shifts in industrial policy.

Two of its largest companies, Thomson and computer manufacturer Bull, are labouring under huge (albeit declining) losses and under-capitalisation. France also has little to show in the fast-growing new markets for personal computers and office automation systems. "Managements have focused more attention recently on dealing with nationalisation than on developing new markets," says one independent Paris-based industry consultant.

It is no accident that France's prescription for recovery focuses primarily on public telecommunications equipment, in which its industry has achieved impressive overseas sales. It calls for a blend of bilateral industrial alliances with neighbouring countries, liberalisation of procurement policies, harmonisation of technical standards and increased joint research and public investment. The aim, officials say, is not to preclude link-ups with U.S. and Japanese manufacturers, merely to encourage more intra-European co-operation.

They also also envisage a hefty dose of EEC trade protection which seems unlikely to please the U.S. A French Government paper submitted to Brussels last September insisted that any relaxation of public purchasing policies benefits only EEC manufacturers. "There is no wish to segregate. But every country has at some stage favoured national industries," says M Mexandeau. Whether AT & T's joint activities with Philips and Olivetti would qualify is, he says, "an issue for discussion."

Quite how far France's EEC partners — and even the managements of its own nationalised industries — will be prepared to go down this track remains open to question. "It is of fundamental importance that we give Europe the advantage whenever there is a common interest," says M Jacques Stern, chairman of Bull.

In a real sense, the 'enemy' is already within

Yet he and senior executives of other large electronics companies also emphasise that industrial link-ups must, first and foremost, make sound business sense.

A start has been made with a recent Franco-German agreement on a common standard for new radiotelephone systems, equipment for which will be supplied by manufacturers in both countries. A proposal has also been made to British Telecom for a more ambitious plan for reciprocal purchases of Britain's System X and France's E.10 digital public exchanges. BT has, however, responded cautiously so far.

France, which chairs the EEC Council of Ministers during the first half of this year, also backs enthusiastically the Brussels Commission's efforts to open European telecommunications markets. Last month, European telecommunications authorities (PTTs) agreed to study the harmonisation of their technical standards and equipment approval procedures, but fixed no timetable for action.

France's line today marks an abrupt break with the Giscard administration's self-confident go-it-alone assault on world high technology markets in the late 1970s. It is a far cry, too, from the Mitterrand Government's former bold talk of "reconquering the internal market."

Those dreams have foundered on a succession of industrial upheavals which have underlined the limits of French resources. After trying for years to build up a world-class computing industry of its own, the Government has abandoned an unequal struggle and opened the doors wide to IBM.

French officials now concede that it is too late to catch up with the world leaders in semiconductors and traditional data processing. But they believe there is still a—perhaps final—chance to draw even by pooling Europe's strengths in telecommunications, particularly public exchanges.

While they depend heavily on imports of microchips and computer peripherals, European countries collectively still enjoy a healthy trade surplus in telecommunications equipment. Moreover, state-funded research has kept Europe's leading telecommunications manufacturers up to date in key technologies such as digital switching, fibre optics and opto-electronics.

This has been achieved, however, by maintaining rigid trade barriers which have divided Europe into a patchwork of national markets, each insulated by its own technical standards and procurement rules. As a result, even the biggest European countries are finding it increasingly hard to recoup the soaring costs of developing sophisticated electronic telecommunications systems.

Exactly this dilemma forced the merger last year of the loss-making telecommunications activities of the large French Thomson group with the profitable business of CIT Alcatel, part of the Compagnie Generale d'Electricite (CGE).

The reorganisation cements CIT Alcatel's position as leader of France's telecommunications industry. But it leaves the company with the tricky task of integrating two businesses which were formerly arch-rivals, while also having to look overseas for more of its future growth.

A major challenga for tha company is how to finance the $1bn or more needed to develop its next generation of public exchanges, essential if it is to remain a mainstream supplier in the 1990s. Several other European companies face a similar problem, and CIT Alcatel is pushing the idea of a joint development project.

Approaches to Siemens, West Germany's largest telecommunications manufacturer, have so far yielded few results. The focus is now on Britain's Plessey and GEC, which have responded more positively. But much depends on whether British Telecom would back such a project. So far BT, which has its hands full preparing for privatisation, seems in no hurry to commit itself.

Some companies are keeping their options open

CIT Alcatel is also co-operating with Philips in the development of radio telephone and microwave radio equipment, and owns 10 per cent of Olivetti. Bull, meanwhile, is setting up a joint centre in Munich with Britain's ICL and Siemens to conduct research on artificial intelligence and other advanced computer techniques.

When these ventures will start to generate real business, however, is uncertain. CIT Alcatel's relationship with Olivetti has been trumped by AT & T's purchase of 25 per cent of the Italian company — with an option to raise its stake to 40 per cent — while the Bull-ICL-Siemens project, which has only a small budget, is by definition long-term and is not intended to develop commercial products.

According to M Stern of Bull, many European electronics companies are now genuinely interested in seeking more common ground. But interpretations of what constitutes "good" European behaviour can differ widely between companies which have long regarded each other as rivals.

One example was Thomson's unsuccessful bid for Grundig of West Germany last year. Thomson said that the acquisition would strengthen the European consumer electronics industry against the Japanese. But it was resisted by Philips, which clearly did not relish the idea of a merger which would have created a new competitor of almost equal size.

Thomson's subsequent takeover of the smaller Telefunken business was only a partial consolation prize, which still leaves the French group's share of the European consumer market lagging some way behind that of Philips. With little scope for further acquisitions in Europe, Thomson's thoughts are now turning to expansion in the U.S. Meanwhile, it has aligned itself firmly with Japan's VHS video recorder standard, spurning Philips' rival V-2000 system.

Several other French companies, while paying lip service to the European ideal, seem to be keeping their options open. CGE, CIT Alcatel's parent, has confirmed that it has talked to IBM, though it says that no negotiations are under way. It is also understood to be considering allying itself with the AT & T-Philips venture formed last year, at least in some international markets.

Some observers believe that the French electronics industry will leave its Government to make the running in any really decisive breakthrough in European co-operation in electronics. This was the pattern of Europe's most successful recent ventures in advanced technology, the Airbus and the Ariane space programme.

Like these two projects, France's proposals for public telecommunications call for collaboration in a capital-intensive systems business with relatively few — mostly state-owned — customers, in which it already possesses undoubted national strengths.

If its plans succeed, they could help break down long-standing barriers in an industry which has so far remained largely beyond the reach of the Common Market. Whether they will help to create on this side of the Atlantic the exhilarating entrepreneurial climate which has helped U.S. electronics companies develop such a keen competitive edge in mass markets such as personal computers is quite another question.

CIT Alcatel

FRANCE'S leading telecommunications group, controlled by state-owned CGE conglomerate. The 1982 profits were FFr 114m on turnover of FFr 12.4bn, of which 42 per cent public telecommunications, 24 per cent office electronics, 15 per cent professional and military electronics. Under merger of telecommunications interests agreed with Thomson last autumn, the company is grouping total civil communications activities of about FFr 20bn, putting it in the top five world telecommunications companies. International alliances: with Philips in radiotelephones, microwave systems (under negotiation); Olivetti (office equipment); Siemens (under negotiation — radiotelephones). Company is world leader in installation of digital telephone exchanges and has started delivering equipment to U.S. but lacks a big international partner in this area.

THOMSON

FRENCH state-owned electronics group concentrating activities on components, consumer electronics and military field after CIT Alcatel agreement. Has made considerable losses in telephones. Group 1982 loss was FFr 2.2bn on FFr 47bn turnover, with most losses due to Thomson CSF arm. Profit outlook now better after telephones accord, recent FFr 35bn military deal with Saudi Arabia, but group will still find difficulty in keeping to government target of breaking even by 1985. International alliances: JVC (Japan) (video cassette recorders); Diasonics (U.S.) (medical electronics); Motorola (U.S.) (semiconductors); Xerox (U.S.) (optical disks); General Instrument (U.S.) (optical fibres); Telefunken (Germany) (consumer electronics); Fortune (U.S.) (microcomputers); Hughes (U.S.) (satellites).

Nearly all these accords have been concluded over the past year.

Bull

STATE-CONTROLLED computer company, product of numerous mergers and demergers during 1960s and 1970s, in which Honeywell of U.S. still has residual 8 per cent stake. 1982 loss of FFr 1.35bn (exactly equalling profit of IBM France), on turnover of FFr 8.1bn. Loss reduced by about half last year, but company will be in red until 1986. Bull now split into separate product-oriented profits centres to try to improve results, took over last year specialised subsidiaries of CIT Alcatel and Thomson to boost computer range, but lacks successful microcomputer. Technology exchange alliances with Honeywell, Trilogy, Convergent (all U.S.); NEC (Japan); Philips ("smart card"). Bull says it is in no hurry to forge international alliances in telecommunications.

MATRA

IS 51 per cent owned by state, diversified across defence and engineering fields as well as electronics and telecommunications. 1982 profits FFr 154m on group turnover of FFr 8.2bn. Electronics alliances with Tymshare (U.S.) (Videotex); British Aerospace (Satellites); Datapoint (U.S.) (computer terminals); Harris, Intel, GCA (all U.S.) (Semi-conductors); Tandy (microcomputers); Bosch (Germany) (under negotiation—radio telephones).

● The Government's role: M Laurent Fabius, the Industry Minister, has set Thomson and Bull, in common with other loss-making nationalised groups, the target of breaking even by 1985. At the same time, the Government is pumping in capital to restore the companies' balance sheets and lower debt. Last autumn's telephone accord between CIT and Thomson, although in line with Government strategy, was engineered by the two groups.

Men & Matters

Hodges goes

Joe Hodges' resignation from his post as secretary-general of Lloyd'a yesterday caught the insurance market by surprise.

Aged 52, Hodges had served on the corporation staff for 34 years. As secretary-general, ba occupied the top administrative post—until the Bank of England decided that Lloyd's needed an outsider as chief executive.

At one time, corporation staff hoped the role of secretary-general would be converted into that of a chief executive and there was some vigorous lobbying to that end.

Even when Ian Hay Davison came in after the wave of scandals, one of Hodges' colleagues was still observing that Davison would be "a chief executive rather than the chief executive."

It was not to be. Davison quickly took full command and the secretary-general'a responsibilities declined. Hodges has now decided that the post has litite loft to offer him; and Lloyd's has decided to abolish the titie.

Michael Parry, another corporation staffer and ex-Royal Navy man, is to take the newly-created post of secretary to the Council of Lloyd's, and will be largely responsible for personnel.

Work of art

"Americans can go to the moon, but they need us in Italy to provide them with sweaters and beautiful art" says Count Franco Maria Ricci jet-setting publisher and former geologist. And at a gathering of mink-coated Milanese yesterday he announced plans for tha export of more art to the U.S. in the shape of FMR billed as "the most beautiful magazine in the world."

Ricci and his lavish art magazine have become an Italian phenomenon. Where else could a publisher collect more than $3m in sponsorship from companies such as Montedison, Alitalia, Cinzano, Nuovo Banco Ambrosiano, and ENI, the state-owned energy group, to launch no fewer than 8m promotional copies on an unsuspecting American public?

Eight jumbo jets will fly the 16-paga giveaway edition over to tha U.S. next month. This will be followed by a glossy, 160-page coffee table magazine full of scholarly articles on art history and photographs of renaissance frescoes and baroque palaces.

FMR's Italian version has been going for just under two years and bas a circulation of 65,000 at a cover price of L5,500 ($3.25). Ricci's U.S. goal is an initial 100,000 subscribers at $6 a copy. His launch issue already contains more than $2m worth of advertising.

But yesterday's champagne-and-parmesan party in Milan was less concerned with costings than with cutting a dash.

Blue ratings

Are you feeling depressed? If so you are not alone. According to a new study from the Office of Health Economics in London, the British are more neurotic than other Europeans.

The report, written by Bernie O'Brien, an economist at Brunel Unievrsity, analyses both medical diagnoses and drug prescribing patterns across Europe during 1982.

It seems that mental illness topped tha list of diagnosed diseases in Britain in that year, accounting for 5 per cent of the total.

The French came next in the depression sweepstakes with 4 per cent of their illnesses occurring above tha neck. Italy followed with 3 per cent. Mental illness does not feature at all in the top 20 diagnoses in West Germany.

O'Brien's work shows that the Italians suffer from more indigestion than fellow Europeans, while in West Germany, the top complaint is beart trouble.

One crumb of comfort for Britain is that general practitioners dispense fewer drugs per patient than anywhere else in Europe. The Italians are the heaviest pill-poppers.

"In an attempt to present a balance, next week'a Panorama will deal with militant tendency infiltration of the Tory party."

TV justice

Most retired judges bave only their autobiographies and maybe a bench in the House of Lords to look forward to. But Judge Alan King Hamilton, in his 80th year, is about to launch upon a television career.

He will hold court in Yorkshire Television Leeds' studios arbitrating upon a series of real, live disputes before the cameras.

The trials will have to be good to match the best of his Old Bailey battles—cases such as the Savundra insurance swindle, the Janie Jones vice scandal, the Cay News blasphemy trial, and tha anarchists' trial.

Judge King Hamilton, minus his wig, will simply try to see that justice is done in cases where the customer refuses to pay a garage bill, or a restaurant is accused of bad eervice, or neighbours cannot settla their differences.

Solicitors in Yorkshire have been asked to nominate likely clients. Cases will only go before the judge if all sides agree to his arbitration, and all will be for claims below £500.

The aggrieved, apart from getting the benefit of a senior judge's wisdom, will receive expenses and an appearance fee.

A novel twist, however, is that Yorkshire TV will pay the arbitration amount instead of the loser.

Happy returns

While some were counting their Valentine cards yesterday, Harold Burson was counting his company'a fee billings. The 1983 total of $63.77m makes Burson-Marsteller the biggest public relations company in the world, according to New York-based listings guru, Jack O'Dwyer.

The $63m is more than any other pr consultancy has ever collected in fees during a year—and makes an apt present for Burson's 63rd birthday today.

Burson says that, by charging clients for hours of service actually provided rather than on a retainer basis, his services bave been retained longer and come of age sooner.

Share the blame

Just what bave they been up to on the Dublin aecurities market? One Irish stockbroker bas been advertising in Business and Finance Magazine for a "Guilt Settlement Clerk," salary negotiable according to experience.

Observer

WELFARE SPENDING

Why the crisis may be postponed

By Max Wilkinson, Economics Correspondent

THE IDEA that Britain supports a more lavish welfare state that other countries, with a correspondingly high burden on the taxpayer, is an enduring piece of folklore, and among Conservatives in particular it has helped to create an atmosphere sympathetic to the Government's campaign to curb public spending.

Yet the statistics present a very different picture: 20 years ago, Britain was indeed one of the world's big public spenders. Now it occupies a comfortable middle position in the international league.

This is shown in a report which the Organisation for Economic Co-operation and Development (OECD) prepared for an international meeting of finance ministers in Paris this week. The OECD estimates that the UK's public spending in 1983 will have been 48 per cent of national output. This is smaller than in any of the major European countries, and only the twelfth highest proportion of the 24 OECD countries.

So one of the OECD's main messages to the ministers attending its conference is that if excessive public spending is a malady, then most of them have got it.

Two more important conclusions are reached in a series of more detailed OECD reports to the conference which have not been published:

- It now looks as if Governments will have a much better prospect of maintaining spending on social services during the 1980s and 1990s than was thought possible a few years ago.
- But beyond that there looms a severe public spending crisis in all the OECD countries, which will be reached in about 2010.

For Britain, in particular, the reports provide a valuable insight into the background against which Mr Nigel Lawson, the Chancellor, is now preparing a Green Paper on the country's long-term public spending trends.

It is an extremely sensitive subject politically, as shown by the furore aroused before the general election by the leaking of a Government "Think Tank" report suggesting that, on admittedly pessimistic assumptions now long outdated, taxes might have to be raised by £15bn by the end of the decade to contain borrowing at present levels.

Since Mr Lawson became Chancellor, after the general election, control of public spending has been especially emphasised as one of the major planks of economic policy. And he has urged publication of a green paper on economic prospects into the 1990s as an exercise in public education.

The Cabinet was at first reluctant to agree, to publication and it seems likely that its consent last week was given on the condition that the Green Paper should be written in rather general terms

There is a very good reason for this: public spending over the next 10 years appears to be a serious "problem" only if the Government's overall economic strategy is assumed to be rather unsuccessful.

The OECD estimates that, thanks to North Sea oil, Britain is one of the few countries now running a "structural" budget surplus. That means that if unemployment were reduced to a minimum "hard core," the public sector deficit would be wiped out on present policies and leave some room for tax cuts.

So if the Government suggests too strongly that a crisis may be looming, its opponents will be able to retort: "Only if your policies fail."

For this reason, the Treasury is likely to emphasise the more general trends which affect most of the Western democracies, and which have been analysed in the papers for the OECD ministerial conference.

Broadly, these show that fears that a major crisis will threaten the welfare state in the next 10 years seem much exaggerated. This gloomy idea began to take root in the depths of the recession which followed the 1979 oil price shock (and it was in this atmosphere that the ill-fated Think Tank report was prepared).

Since then, growth prospects in the UK and the world generally have improved. In one of its ministerial briefs, the OECD says: "A few years ago a bleak picture was painted.

"Over a fairly wide range of possible economic developments, up to the 1990s, existing social programmes can at least survive more or less unamended, even if there is little room for improvement."

However, the task of constraining social spending to present real levels could be formidable after the steady expansion of the last 20 years.

Between 1960 and 1975, the industrialised world's real social spending (on health, education, pensions and unemployment) was rising at an annual rate of 8 per cent a year. Although this growth was halved in the next six years to 1981, the 4 per cent average annual rate of real expansion in that period was much higher than now seems feasible for many countries.

Yet there is o built-in pressure for growth in many parts of the public sector

In the UK, the Think Tank's report suggested that a real rise of 1 to 1½ per cent a year would be needed to "stand still" in the health service. To provide modest improvements in areas like transplants, hip operations or kidney machines, real growth of 2 per cent to 3 per cent a year would be needed.

Despite the alarm generated by the leaked "Think Tank" report, the pressure to expand health spending will be much greater in the U.S. and Japan, which have a potentially more severe "grannie problem." Between 1980 and 1990 the number of pensioners in the U.S. is projected to rise by 20 per cent, in Japan by 33 per cent, but by less than 3 per cent in the UK.

The OECD has estimated that hospital spending in Japan and the U.S. will need to rise by 15 per cent in real terms over the period for this reason, compared with 8 per cent in the UK and only 2 per cent in France.

From a public expenditure point of view, however, it is a country's whole age profile which matters and not just the number of pensioners which matters. In France, for example, the number of people over 65 is projected to decline by about 40,000 between 1980 and 1990, but the number of "over 60s" will rise by about 1.2m in the period.

Quite apart from the trend for early retirement, the effect on health spending could be dramatic. In France, for example, the average hospital spending on 65-year-olds is about nine times the average for people in their 20s and 30s, and the average cost for people between 55 and 65 is about three times that for people under 35. In the UK where health service costs are under more direct Government control, the differential is less steep, but the general problem is the same.

However, although the problems of looking after the elderly will undoubtedly increase over the next 10 years or so, the OECD's calculations suggest that they can be accommodated provided the industrialised world achieres a moderate rate of economic growth of say 3 per cent a year.

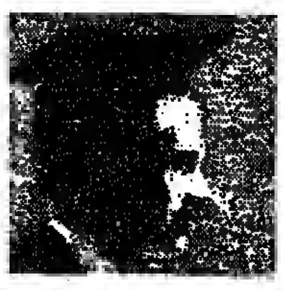
This is broadly in line with the conclusion of the UK Think Tank report, which suggested that an annual growth rate of 2½ per cent a year was about the minimum needed to avoid a collision between spending demands and likely revenues on present policies.

The really severe public spending crisis threatens to strike at all the major countries in about 25 years. This is when the post-war "baby boom" starts to retire. A large number of pensioners will be probably supported then by a declining population of working age.

Since a decade is a very, very long time in politics, the main risk is that the unpopular question of whether pension benefits should be made less generous or contributions raised will not be tackled until it is too late.

These questions are well beyond the time horizon likely to be considered by Mr Lawson's Green Paper.

But any attempt to rein back the totals, or even to keep spending constant in real terms, will come into conflict with legitimate aspirations, which are deeply rooted not only in British society, but almost everywhere.


SOCIAL SPENDING*: THE CHANGING PATTERN

	Social expenditure as percentage of GDP		Real social expenditure per capita: US$		Annual growth rate of real GDP		Annual growth rate of real social expenditure	
	1960	1981†	1960	1981†	1960-75	1975-81†	1960-75	1975-81†
U.S.	10.9	21.0	422	1,196	3.4	3.2	7.7	2.9
Japan	8.0	17.5	81	639	8.6	5.1	9.7	8.9
West Germany	20.5	31.5	380	1,876	3.8	3.0	6.7	1.9
Canada	12.1	21.7	369	1,028	5.1	3.3	9.5	2.9
France‡	13.4	23.8	272	936	5.0	2.8	7.4	7.6
Italy	16.5	29.1	204	344	4.6	3.2	7.4	3.1
UK	13.9	24.9	290	547	2.6	1.0	5.6	3.3

* Health, pensions, education, unemployment and other benefits. † Or latest year available.
‡ French figures exclude education expenditure.

Source: OECD

Legal Aid in Britain

The dangers of cutting corners to save cash

By Sir David Napley

WE HAVE come a long way since Mr Justice Darling ironically observed that "the courts—like the Ritz Hotel—are open to everyone." Since the advent of legal aid and advice in 1949 and the introduction 18 years later of criminal legal aid, vast numbers of people, who would otherwise have been denied legal representation, have been represented in civil and criminal proceedings.

As the scope of legal aid has been raised, so the cost to the state has risen. Starting from modest proportions, it has increased from over £66m in 1978-79 to over £178m in the last year. The uninformed mind grappling with figures of that magnitude assumes it is "a gravy train"; it must represent "a bonanza" for the lawyers. In fact, lawyers are underpaid on legal aid. Many barristers and solicitors refuse it. It often falls to cover their overhead expenses ond the numbers unable to undertake legal aid will materially increase.

Fees for civil legal aid are assessed by the High Court on the basis of what is considered fair and reasonable for the state to pay, but is subject to a mandatory deduction of 10 per cent. Thus, it is neither fair nor reasonable, even by the court's standards.

The cost of litigation is undoubtedly too high, and the only solution is a radical overhaul of the procedures of litigation in order to simplify them and reduce costs.

In the meantime the income of one-third of the population is neither low enough to make them eligible for legal aid or high enough to resort to litigation. With costs running at their present levels, there is no real prospect of them being brought within the legal aid system.

It would be tempting to argue for providing even more legal aid to those in need of it. That, however, overlooks the danger which this presents to the profession of the law and, as a consequence, to the rights and liberties of the subject. I first expressed concern nearly 20 years ago that the legal profession might become increasingly dependent upon the State for its financial support and in the process destroy its independence. The public insufficiently appreciates how vital it is that the legal profession remain independent so that it may continue, as not infrequently it is called upon to do, to contend against central and local government, and all the bodies that derive from it. Currently, something in excess of 50 per cent of the income of the Bar is dependent on State funds, as is approximately 30 per cent of the income of solicitors engaged in litigation.

These proportions are likely to increase. It is not difficult to foresee the problems that might arise in the conflict between maintaining financial stability and vigorously disputing with the paymaster. The Treasury has, over recent years, assumed an increasing part in determining the availability of legal remedies and, as a consequence, the freedom and liberties of the subject.

The Treasury's part in determining the availability of legal remedies

The quality of the work which a professional man does is necessarily a reflection of the amount of time he can spend on it. Whether he can afford to do it at a reasonable profit under the present over-elaborate processes of the law or not is an obvious and vital factor. Unless professional services, whether paid by the state or otherwise, afford fair and proper remuneration, one of two consequences ultimately follow: bankruptcy or inferior and inadequate service. Thus, there is a real danger that the quality of the service will become limited by the amount which the Treasury is willing to make available.

For example, almost every informed person considers that actions for defamation should be brought within the ambit of legal aid. They are not, because of the misguided belief, expressed at the outset of legal aid and perpetuated to this day, that the inclusion of defamation would involve an unwarranted increase in state expense and encourage the bringing of actions in respect of trivial arguments over the garden fence. The rules under which legal aid committees operate would certainly exclude the latter and the extra expense involved must be weighed against the intolerable injustice suffered by those who are nationally or internationally defamed but unable to afford litigation. What should be a valuable right of the citizen is, therefore, denied by the unwillingness of the Treasury to provide the funds.

In many spheres of law reform, of which matrimonial law is a good example, the cost to the state in matters of legal aid plays a disproportionate part. Some such reforms disregard, many believe, the imperative need to preserve family life and all that for which it stands in a civilised community. The increasing ease which which divorces can be obtained, e.g. by removal from the High Court to the county court, the elimination of hearings in open court, the liberalisation of the grounds for divorce, are disproportionately, while not entirely, related to the desire of successive governments to reduce expense.

It is much to the credit of those lawyers who undertake legal aid they have striven, so far successfully, to ensure that the legally-aided client secures equally as good service as those who pay from their own pockets. The preservation of those standards is in danger. There is a curious notion abroad, entertained by many who should know better, that all competition is for the best since it produces that which is cheapest.

In the final analysis, you get only for what you pay and the Government in general, and the Prime Minister in particular, would be well advised to recall the words of John Ruskin that "there is hardly anything in the world that some man cannot make a little worse and sell a little cheaper and people who consider price above all else are this man's lawful prey." In the present unreformed legal system achieving what is cheapest inevitably means cutting corners and inadequate service.

Effective legal representation is an essential part of freedom. This can only be assured if the state does not become so effectively the paymaster of the piper that it is able at its whim to call the tune.

Sir David Napley is senior partner in a firm of London solicitors and a former president of the Law Society.

Letters to the Editor

Managing the upturn

From the Managing Director, Food and Milk Division, Rockware Glass.

Sir,—Over the last few years, significantly lower pay settlements have been made in both the public and private sectors of British industry.

These have been achieved because work people generally have accepted, in some cases reluctantly, the hard economic and financial facts about the enterprise in which they work.

Companies in many instances have been literally fighting for survival.

As a result, new products have been developed more quickly, more efficient working practices have been accepted and introduced, and pay settlements have been realistic and related to what the enterprise can afford.

It could be argued that all this has been achieved through fear—the loss of jobs. There is obviously some truth in this, but also management has had out of necessity to communicate much more effectively and more factually than ever before.

If and when the upturn comes, it will not be surprising if people do not demand higher pay settlements. This in itself is not unreasonable, provided that an enterprise can pay, but realistic settlements will only be made if management continue to communicate effectively.

Despite good communications excessive pay demands will be made, negotiations will breakdown for a time and some form of industrial action will occur.

On those occasions the board must support the management and not take the easy option and give way to unrealistic demands for short-term profitability.

Easy capitulation to excessive unreasonable wage demands will inevitably lead to an upward spiral of unrealistic wage settlements which has been the case in the past with such disastrous results for many companies in British Industry.

Boards must look to the long term future and support recently revived British management.

J. D. Shepherd.
Wheatley,
Doncaster, Yorks.

Early employee involvement

From the Head of Communication Services, National Freight Consortium.

Sir,—Mr B. W. Bailey's challenge (February 7) cannot go unanswered. National Freight Consortium included an "employee involvement" statement in its 1981-82 report and accounts published in January 1983. And its statement had something very special to report—the participation of employees in buying a majority stake in the company, in which they, their families and NFC pensioners now have 82.7 per cent of the equity, and thus firm control. There are, of course, more conventional forms of involvement throughout the business, too, including a well-proven consultation procedure which has for some 15 years contributed to the NFC's excellent labour relations record.

Brian Cottee.
The Merton Centre,
45 St Peters Street,
Bedford.

No consensus on facts

From Mr M. Brown

Sir,—The Director General of the CBI writes (February 9) that the Government's rate Bill "will only affect a small handful of local authorities (who) will be the very high spenders nearly all of whom are in urban areas where business ratepayers often provide a higher than average proportion of rate revenue". The inclusion of the word "often" makes this into a statement that cannot be tested — how often is "often"? —but the impression that is conveyed and that underpins the whole letter is that nearly all the so-called high spenders receive a higher than average proportion of their rate revenue from non-domestic rate payers, ie from businesses. Like so many other statements that are being made about the "burden" of the rates — that rates have been growing faster than other costs and local expenditure faster than government expenditure, etc — this statement is not true.

It is not true that only a handful of local authorities are high spenders and will be penalised. The Society of County Treasurers has stated that 153 (thirty seven per cent) of all authorities were penalised by the government last year and that the figure has risen steadily over the last three years.

It is not true that the high spenders receive a higher than average proportion of their rates from business. A "hit list" of twenty authorities with expenditure more than 30 per cent above the government's grant related expenditure assessment was given by Mr Jenkin in the House of Commons in the middle of January. According to the Financial and General Statistics of the Chartered Institute of Public Finance and Accountancy, nine of these twenty had an above average proportion of non-domestic rateable values. Eleven of the twenty had a below average proportion of non-domestic rateable values. Nine out of twenty cannot be described as "nearly all", however often it is repeated.

I can recall very few public debates that have been conducted by a government and its supporters with such a total disregard of the facts. But this is the result of attempting to make constitutional changes without a prior Royal Commission to establish a consensus about the facts.

Michael Barratt Brown.
Robin Hood Farm,
Baslow,
Bakewell,
Derbyshire.

Control through ownership

From Mr C. Smith

Sir,—Denis MacShane (February 8) is being characteristically disingenuous since he is using the supposed failings of the Press Council as a weapon in Labour's campaign against the British Press.

In denigrating the "prerogative of the proprietors" your correspondent exhibits a contempt for the legitimate exercise of editorial control through the ownership of newspapers. A free society demands that his contentions be recognised for what they are: a call for the curtailing of the freedom to enjoy the rights and privileges under the law associated with the private ownership of property. This is what Mr MacShane really has in mind when he wishes to see an end to the "behavioural excesses of many newspapers."

The independence of the Press Council and the concentration of newspaper ownership are, of course, legitimate areas of discussion. But lets us not pretend that they are of primary interest to Mr MacShane and his friends.

Colin Smith,
34 Greycoat Gardens,
Greycoat Place, SW1.

Job mobility and wealth creation

From the Assistant General Secretary, Halifax Building Society Staff Association

Sir, — Mr F. M. F. Walker (February 9) makes sweeping generalisations about the "cosy world" of building societies and the greater contribution made to the national wealth by those who change jobs "to enhance their career or avoid terminal boredom." He wholly ignores the fact that some people wish to pursue a particular career, obtain professional qualifications in order to do so effectively, and are quite happy continuing that career within one organisation. His contention that job mobility necessarily creates wealth conveniently overlooks the fact that the contribution of the long-serving careerist is more effective than that of the imported "rolling stone" who moves around the market place at a speed directly proportionate to the discovery of his incompetence.

In our evidence to the inquiry into the provision for retirement we have stated that "the society (the Halifax) is large enough to offer a career to the suitably qualified school-leaver and we subscribe to that recruitment and retention policy. We are not in business to provide improved pensions for job hoppers." We accept the place of mobility in other fields and recognise there may well be a case for some degree of portability of pensions, but not at the cost of abandoning occupational pension schemes for those people who wish to stay in the organisation in which they are making their careers. The inquiry is welcome, as is the public debate it is generating, and doubtless Mr Walker has submitted his evidence to it.

Incidentally, even he may accept that the Halifax Building Society is making a significant contribution to the generation of wealth and prosperity.

W. Wright.
66a, High Street, Wargrave,
Reading, Berks.

Scepticism and graduates

From Mr T. C. Smith.

Sir,—I believe you may already have alighted upon the reason for some of the scepticism shown towards business graduates mentioned in "Business Schools under Siege" by Christopher Lorenz on February 6.

The item "In Brief . . ." on the following day begins with the truism "those who can, do, those who can not, teach."

Perhaps we should look to the quality of teaching and the practical experience of some of our business academics when looking for a reason for the sceptisism towards business graduates.

T. C. Smith,
11, Perry Hill,
Chelmsford, Essex.

FINANCIAL TIMES
Wednesday February 15 1984

Craxi may seek legal backing to limit wage indexation

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, the Italian Prime Minister, last night summoned an emergency Cabinet meeting to discuss the crisis caused by the refusal of an important part of the union movement to sign a new agreement limiting wage indexation.

The Cabinet was expected to discuss what juridical measures would be necessary to impose by law the Government's proposed incomes policy, assuming it had the support of the majority of the union movement and of the employers. Sig Craxi was due to meet both groups before the Cabinet meeting.

The crisis has arisen because the communist majority of the CGIL union voted on Monday to reject the proposal, the crucial part of which entails a sharp reduction in the workings of the *scala mobile* wage indexation system this year.

The other two unions, the Christian Democrat-aligned CISL and the socialist-oriented UIL, are both in favour of the proposals, as is Confindustria, the employers' association.

It was not clear yesterday whether these groups would be prepared to sign an agreement to which the CGIL was not a party. Such an agreement may produce industrial strife and in the opinion of most legal experts, would not be legally binding on CGIL members.

For this reason, the Government is seriously thinking what legislative means it could use to implement its proposed reduction of the *scala mobile* – a difficult question since the indexation system is based less on law than on agreements between different parties.

Any legislative action would also meet strong opposition in parliament, even if it were initially implemented by decree. The Communist Party, which is being accused of exerting a decisive influence on the CGIL position, would fight it, and there could be problems from other groups. Employers also fear difficulties in the factories. For this reason all parties hope that an amicable agreement can be reached.

Sig Craxi appears determined to obtain an incomes policy on the lines the Government proposed. A statement from his office on Monday night emphasised that the proposals were both reasonable and essential if Italy was not to "miss the bus" of the world economic upturn.

The Government is proposing that only a predetermined number of points on the *scala mobile* index be translated into quarterly wage increases, to lower the average inflation rate from 15 per cent to 10 per cent.

The CGIL insists that any wages lost be made up soon afterwards, and that the Government makes more concessions to the unions on other parts of its economic policy.

Craxi to visit Austria, Page 2

Bonn to be questioned over Egypt arms deal

BY JAMES BUCHAN IN BONN

WEST GERMANY'S opposition Social Democrats will this week table a new set of parliamentary questions over a possible arms deal with Egypt which is developing into an embarrassment for Chancellor Helmut Kohl's Government.

Krauss-Maffei, the Flick subsidiary which is producing the Leopard 2 tank for the West German and Dutch armed forces, said yesterday that it was studying the question of developing a tank from the Leopard series for production in Egypt after a request from Mr Abdul Halim Abu Ghazaleh, the Egyptian Defence Minister, during a visit to the company last November.

However, Krauss-Maffei said it had had no dealings with a UK-registered company, which the opposition suspects is being used to front the deal as a means of evading West Germany's extremely tight licensing guidelines for exports of arms outside Nato.

Such a deal, which would be a significant departure in West German policy and a boost to Egyptian efforts to develop an export-oriented arms industry, has surfaced at a time when the Bonn Government is under pressure over its plans to sell weapons to Saudi Arabia.

Last Friday, the Saudi Government, in one of the sharpest statements to emerge from Riyadh for years, bitterly accused Chancellor Kohl's Government of trying to attach conditions to the sale and hinted at damage "to co-operation between the two countries in all areas."

The Saudi statement was an unusually prompt response to remarks by the Chancellor in the Bundestag last Thursday, where he made clear that Israel's interests would be taken into account in any military co-operation with the Saudis.

Although the Saudi interest in the advanced Leopard 2 tank has been tacitly dropped for the moment, the Kohl Government is under heavy pressure from within its own ranks and from the powerful Springer press to forget any arms sales to Saudi Arabia.

The possibility that Egypt may assemble a less sophisticated version of the Leopard 2 surfaced at the turn of the year when unsigned letters were delivered to an SPD deputy and two publications. The letters, written in stilted English and posted at Schiphol Airport, Amsterdam, said that Krauss-Maffei would deliver the first 200 kits to Egypt next year and insinuated that the tanks would pass to Iraq and Saudi Arabia.

Although Egypt delivered weaponry and ammunition in quantity to Iran in 1982, it is unthinkable that Saudi Arabia, which is pre-eminently interested in political support from Bonn through arms deliveries, would accept Leopard tanks through the "back door." The letters are thought in Bonn to have stemmed from Israel or Krauss-Maffei's competitors.

The story took a further twist yesterday with a report from Cairo that a new personnel carrier, built in co-operation with the West German concerns Thyssen-Henschel and Daimler-Benz, would enter service with the Egyptian army later this year.

Honecker to meet Kohl, Page 2

UK nuclear fuel management rapped over contamination

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

BRITISH Nuclear Fuels (BNFL), a state-owned company, has been severely criticised by the UK Government for bad management at its Sellafield nuclear waste plant in north-west England.

It is the second time that BNFL has been criticised by the Government in less than four years. The latest criticism comes in interim reports from the Department of the Environment and the Nuclear Installations Inspectorate after an incident at the factory last November. Discharges into the Irish Sea led to contamination of nearby beaches.

Nuclear inspectors from both Whitehall agencies found that BNFL managers made mistakes that should have been avoided during annual maintenance at the chemical plant, which reprocesses spent nuclear fuel.

The factory took immediate action to recover its mistakes and to minimise risks of excessive radiation to its employees. Nevertheless, solvent containing highly radioactive particles was discharged into the sea. The radioactive particles were later found on flotsam.

The reports make it plain that the radioactive discharges did not approach the authorised limits on radioactive releases from Sellafield, (formerly known as Windscale).

Mr Patrick Jenkin, Secretary for the Environment, told parliament yesterday there was "no evidence to suggest that this contamination, although very unsatisfactory, could cause significant damage to anyone's health."

Mr Jenkin said the company had a programme of investment that was sharply reducing its radioactive discharges. It was designing a second-generation reprocessing plant to "incorporate a much cleaner technology."

He said that the report of Sir Douglas Black, the physician who is investigating "cancer clusters" among people living near nuclear plants, was expected in May.

An internal inquiry by BNFL into the incident has reached similar conclusions on the sequence of events last November and on the culpability of its staff. Where BNFL differs from its critics is mainly on whether it breached the principle of keeping discharges "as low as is reasonably achievable."

Mr Con Allday, BNFL chairman, said yesterday he was firmly of the opinion that the principle had not been breached and that there had been no gross negligence. But he would be taking disciplinary action against some staff.

Mr Allday announced a big reorganisation of BNFL's board and senior management, focusing on the reprocessing division based at Sellafield.

Two directors, Mr Jack Tatlock and Mr Roy Pilling, are to relinquish their overall responsibilities for reprocessing, making way for younger executives.

Shultz and Kinnock clash over Central America

By Reginald Dale in Washington

TALKS between Mr Neil Kinnock, Britain's opposition Labour Party leader, and Mr George Shultz, the U.S. Secretary of State, erupted into a first class diplomatic row over Central America and nuclear missiles, according to Mr Kinnock's account of the frosty meeting.

Mr Kinnock said yesterday that the strongly-worded exchange last Thursday began after Mr Shultz attacked Labour Party policy on Central America as "misinformed and possibly misguided."

"Mr Shultz "got out of his pram," Mr Kinnock said. That meant, a smiling Mr Kinnock subsequently explained, that Mr Shultz had "departed from normal calm diplomatic expression."

Mr Kinnock told Mr Shultz that, as Central America now resembled Vietnam 22 years ago, it was "appropriate to voice disquiet and even alternative options." Mr Kinnock argued that the Reagan Administration should change the emphasis of its Central American policy from military commitment to economic support.

The two men then vigorously disagreed over the Sandinista Government of Nicaragua, which Mr Shultz accused of breaking its pledges to restore democracy. The Reagan Administration's approach to democracy was "somewhat selective," Mr Kinnock responded, given that the regime it supported in El Salvador was practising "government by death squad."

Mr Kinnock, who had clearly enjoyed the exchange, said that Mr Shultz did not raise his voice, but bad spoken with "sort of an insistent drawl."

Mr Shultz "rather eccentrically" extended his criticism of Labour's views on Central America to the party's policy on nuclear missiles, Mr Kinnock said. He responded that Mr Shultz was not living and trying to bring up his children in a target area.

Mr Kinnock added, however, that he was making gradual headway in persuading the Reagan Administration that the Labour Party's non-nuclear defence policy did not mean it was abandoning the Atlantic alliance or the defence of Western Europe – a point be planned to stress to President Ronald Reagan at a White House meeting later yesterday.

There was also considerable support in Washington Democratic circles for Labour's economic policy, which was almost identical to the Democratic economic programme for the U.S. as outlined by Senator Edward Kennedy, Mr Kinnock said.

A number of those he had met in Washington had been "appalled" by how easy it was to demonstrate the retardation of the British economy and the erosion of the country's manufacturing base and output under the Thatcher Government, Mr Kinnock said.

THE LEX COLUMN

Detroit steps on the gas

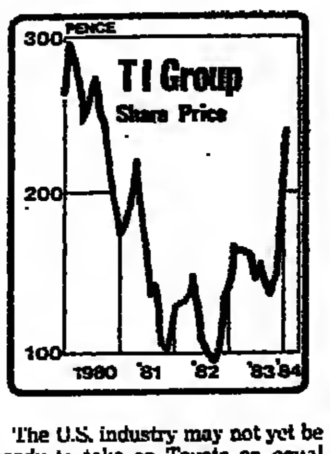
The Japanese motor industry may not be subject to trading cycles as vicious as those which afflict Detroit, but it must none the less have cast an envious glance across the Pacific at the scale of the U.S. motor companies' recovery during 1983. Toyota forecast yesterday that parent-company net earnings in the 12 months to June will be not much above the previous year's Y201bn and cited the toughness of the U.S. market as a factor restraining growth.

That explanation looks a little disingenuous. Toyota will comfortably achieve its export quotas for the U.S., even after shifting its sales mix towards higher margin products, and net income for the whole group should be up around 10 per cent in the teeth of a highly competitive domestic market.

Yet the U.S. majors must be acutely aware that the protection afforded to their home territory has significantly enhanced the recent recovery. The fear that this protection will be weakened, if not removed altogether, has belped to restrain earnings multiples on Wall Street and may also be reflected in the decision of all three U.S. majors to undertake small-car joint ventures with Japanese companies.

Even in the wake of remarkably good fourth-quarter figures, General Motors and Ford participated fully in the rerent Wall Street slide. Ford's price bas fallen 17 per cent from its January peak. The stock market is doubtless concerned that a weakening economy will undermine optimistic 1984 car production forecasts. But it is also worried that wage pressures will onre again widen the productivity gap with the Japanese.

In its own defence, Detroit can point to astonishing cash flow gains induced partly by productivity improvements. In 1983, GM reduced long-term debt by a net $1.3bn and iocreased its liquid resources by $3.1bn. A $2bn reduction in capital spending may be roughly reversed this year but GM, like Ford and Chrysler, can also lay claim to more fundameotal changes. GM's sales-to-inventory ratio advanced from 6 times to 7.6 times on a FIFO basis last year and ls comfortably ahead of the ratio during 1976, the last major recovery year. Moreover, the rationalisation of the past few years has reduced the book value of fixed capital employed, leaving GM much leaner than during earlier cycles.



The U.S. industry may not yet be ready to take on Toyota on equal terms, particularly in the small-car business, but the evidence of the past year is that all three companies would now face the challenge with greater confidence if a re-elected President Reagan opted to open the floodgates a little when the present quota agreement runs out in March 1985.

Fleet Holdings

Fleet Holdings' interim figures – pre-tax profits up 158 per cent at £6.4m – are clear evidence of the scale of upturn presently being enjoyed by Britain's national newspapers. But in stock market terms, that pales beside the glittering lure of the Reuters sale; and for Fleet, there ts further complication in the lurking form of Mr Robert Holmes à Court.

Half the improvement at the trading level comes from the nationals, due to a slight increase in circulation, firmer rate cards and steady newsprint costs. Yet that represents a shift in margins from 0.8 per cent to a still unsatisfactory 1.8 per cent. That makes for a sad contrast with the real powerhouse of the group, Morgan Grampian, which produced half of group profit on a quarter of group sales.

Mr Holmes à Court's intentions are as enigmatic as ever but there is a hint of action stations in Fleet's decision to lift the dividend by 133 per cent. Valuing Fleet, whether as bid candidate or not, is complicated by the largely notional nature of the £1bn price tag on Reuters. But were Fleet's stake worth £100m, that would capitalise the rest of the business at little over £50m.

Morgan Grampian could account for that amount on its own, on a multiple of 15 times this year's earnings. That leaves the newspapers, for which any real non-bid value would depend on the advent of modern technology. Their value to an aspiring press baron, of course, could be a very different motter.

TI Group

The recent heavy trading in shares of the TI Group suggests that a shareholding of 5 per cent or more is going to bave to be declared very shortly. The City of London has been hard at work on TI's 1984 recovery prospects, just in case a bid is around the corner, and the conclusions have undoubtedly helped along the latest stage of the shares' 38 per cent appreciation against the market since January 1.

On the one hand, the shares at last night's closing 240p do not look out of touch with general profit expectations. TI's key domestic appliance and aircraft engineering businesses must be reasonably assured of a strong 1984. If all the effort expended on its cycles division produces a real rebound there as well, pre-tax profits of £40m could be possible; but even without much of a boost from cycles, pre-tax profits ought to reach £32m or so against perhaps £20m for 1983. Assuming a 20 per cent tax rate, £1m minorities and no extraordinary items, this would leave the shares today on a p/e multiple of only 5.8.

On the other hand, all the microscopic inspection of TI's various divisions has done nothing to belittle the logic of a takeover. A bid price of, say, 320p would imply a total gross investment of £300m – taking about £110m of TI debt into account – and this certainly limits the field of likely UK bidders. But the latest brokers' reports are valuing TI's assets at as much as £350m, including £50m to £60m for the cycles business, which leaves plenty of scope for a subsequent reduction of the net investment.

Facing this kind of two-way bet on the shares, TI has a double incentive to couple 1983's results next month with a rosy view of the future. But its earnings still look heavily cyclical and the next recession may not be far away after 1984. If no bid appears, TI could yet settle at a prospective p/e around 6 comparable to other engineers like Birmid Qualcast, reporting later today.

EEC court rules against butter ships

By Ivo Dawnay in Brussels

THE BUTTER SHIPS, a fleet of 130 tax-free floating supermarkets, may finally have been sunk yesterday by a new broadside from the European Court.

Mostly based in the North German ports, the ships once carried as many as 10m clients yearly for day trips into international waters, where passengers indulged in shopping bonanzas before returning to port.

With their products – particularly butter and meat – often enjoying the benefits of EEC export subsidies, prices can be as much as 30 per cent lower than those in the shops.

But in a series of rulings the European Court now looks as if it has finally plugged the last loophole in Community legislation that has allowed the ships to operate.

Steps to halt the cruises were first taken three years ago when outraged land-based traders complained that the ships' annual sales were damaging their profits.

The shipowners dodged new rules removing tax- and excise-free status from their products by taking their shoppers to a second country – usually Denmark – and driving them bome by bus.

Now the European Court has ruled that the exemptions will not apply where transit through a second member state is "purely symbolic" and does not offer passengers a real chance of buying goods there.

Strasbourg move to delay UK rebate

BY JOHN WYLES IN STRASBOURG

A BRITISH Government decision to withhold part of its contributions to the EEC budget from the beginning of April may soon be unavoidable because of fresh action by the European Parliament.

The decision has so far been postponed because of the possibility that the £457m ($644m) rebate on the UK's 1983 payments may be released by the parliament before the end of the British financial year on March 31.

This week, however, the parliament stepped up its efforts to make this as difficult as possible. On Monday, it approved regulations governing how the money should be spent, which Britain would find difficult to satisfy even if the rebate was released towards the end of March.

An even bigger threat is a refusal to give its formal opinion on the regulations during its plenary session this week. This would prevent the Council of Ministers approving any regulations in March, which in turn would prevent the transfer of money to the UK.

The attitude taken by the European Commission today towards the parliament's amended regulations will determine whether the parliament issues an opinion this week. On Monday evening Sig Antonio Giolitti, the commissioner for regional affairs, rejected amendments which would reduce from 70 to 50 per cent the EEC's cash contribution to energy, transport and social programmes in the UK.

This would increase the number of eligible schemes Britain would have to submit to draw down the total rebate – and make ineligible all projects which were initiated before January 1 1983.

The chairman of the parliament's budget committee, Herr Erwin Lange of West Germany, has said he will call for a parliamentary final opinion tomorrow evening only if the Commission will negotiate a compromise on these points today.

If it refuses, there is unlikely to be enough time next month to organise a parliamentary vote on an opinion, a council agreement on the regulations, a parliamentary decision to release the rebate and the transfer of most of the £457m to the UK.

● Britain yesterday called on West Germany and other EEC countries to remove the administrative barriers which prevented UK insurance companies from expanding their underwriting business in the community, writes Rupert Cornwell in Bonn.

Calling for an abandonment of "national protectionist reflexes" in the EEC, Mr Malcolm Rifkind, Minister of State at the Foreign Office, spoke of Britain's resentment at the obstacles to open trade in the insurance sector

Bush, Thatcher in Soviet move

Continued from Page 1

be no sudden shift in Kremlin policies.

Mrs Thatcher is understood to have urged Mr Chernenko to return to the arms control negotiating tables in Geneva from which the Soviet Union walked out in November after the deployment of cruise and Pershing missiles in Western Europe.

She also emphasised that there was more to East-West relations than arms talks and that the West was looking for improved relations on a broad front.

While declining to discuss the substance of her 30-minute meeting with Mr Chernenko and Mr Gromyko, Mrs Thatcher told reporters later that the British Government's policy was to search for "steady and sustainable progress" over the long term rather than for immediate but possible empbemeral short-term improvements.

Druze militia deal Gemayel new setback

Continued from Page 1

force, but has urged the creation of a UN contingent.

President Gemayel meanwhile made his first effort yesterday to seek a way out of the political deadlock by meeting former President Suleiman Franjieh, one of the leading figures in the Syrian-supported National Salvation Front.

Mr Franjieh has been a bitter opponent of the Gemayel family for several years, following the assassination of his son, and has close links with the Syrian regime.

President Gemayel's initiative may indicate that following the setback for the army in the mountains he may now be prepared for substantive negotiations on the opposition forces' main demand, which is the abrogation of the May 17 agreement with Israel on the withdrawal of foreign forces.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	F	5	41	Malaga	-	—	—	Salzburg	F	-2	28
Akrotiri	S	18	61	Faro	S	16	61	Malta	F	11	52	Seoul	F	2	36
Algiers	C	11	52	Florence	F	10	50	Manila	S	34	93	Singapore	C	31	88
Amsterdam	C	0	32	Frankfurt	S	2	36	Miami	R	24	75	Stockholm	C	0	32
Athens	S	9	48	Funchal	F	16	61	Milan	F	5	41	Strasbourg	S	1	34
Bahrain	S	22	72	Geneva	C	-2	28	Moscow	F	-6	21	Sydney	R	27	81
Bangkok	S	34	93	Gibraltar	S	16	61	Munich	S	-6	21	Taipei	C	17	63
Barcelona	-	—	—	Guernsey	S	6	43	Nairobi	-	—	—	Tangier	F	15	59
Beirut	C	18	64	Helsinki	Sn	-1	30	Naples	S	7	45	Tehran	-	—	—
Belgrade	S	-4	25	H. Kong	C	16	61	New Delhi	S	23	73	Tel Aviv	F	18	64
Berlin	C	1	34	Innsbruck	S	-4	25	New York	R	7	45	Tenerife	S	20	68
Biarritz	S	5	41	Inverness	C	6	43	Nice	S	10	50	Tokyo	S	7	45
Blackpool	S	3	37	Istanbul	C	3	37	Oporto	S	14	57	Toronto	R	7	45
Bordeaux	S	4	39	Jersey	S	6	43	Oslo	F	-5	23	Tunis	F	13	55
Brussels	S	1	34	Jo'burg	S	30	86	Paris	S	4	39	Valencia	-	—	—
Budapest	S	-2	28	Las Palmas	S	19	66	Prague	S	-2	28	Venice	F	2	36
B Aires	R	27	81	Lima	S	25	77	Reykjavik	R	5	41	Vienna	C	-3	27
Cairo	C	19	66	Lisbon	S	10	50	Rio de J'o	S	38	100	Warsaw	S	-4	25
Cape Town	-	—	—	Locarno	S	3	37	Rome	F	8	46	Zurich	S	-2	28
Caracas	C	28	82	London	S	7	45								
Casablanca	C	16	61	Los Angeles	C	19	66								
Copenhagen	C	0	32	Luxembourg	S	1	34								
Corfu	S	11	52	Madrid	F	10	50								
Dublin	S	7	45	Majorca	-	—	—								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

EEC stops Belgian textile aid

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN Government and the European Commission were yesterday beading for a clash over subsidies to the textile and clothing industry.

The Commission aaid it could not approve plans for the Belgian industry to receive subsidies this year. The Government bas a month to reply, but meanwhile must stop all payments.

The Ministry of Economic Affairs had late yesterday received no official notification of the Commission's action, but one official was unable to understand the Commission's motives.

Belgium claims to have the only national plan in the EEC to restructure its textile industry. This year would be the fourth in a five-year programme costing BFr 20.1bn ($358m) in financial assistance, BFr 5.7bn in technical and commercial aid and BFr 2bn for offsetting the social effects of change in the industry.

Subsidies for the industry in the first three years were agreed by the Commission only after protracted negotiations. The Belgian Government bas also clashed with the Commission over support for Fabelta Zwijnaarde, a company it wanted to rescue from bankruptcy.

This year the Commission is telling the Government that continued subsidies would upset trade within the EEC, noting that restructuring bas in any case nearly finisbed and that the industry bas beeo developing strongly.

Production in the year to last June was 4.2 per cent greater than in the preceding year, the value of sales had increased 14.5 per cent and exports had risen 7 per cent.

Although the Commission acknowledges that the total of aid is declining, it argues that it is not being distributed sufficiently selectively, that it does not help restructuring and that it enlarges capacity.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday February 15 1984

Sumitomo would cut Dunlop workforce

By David Marsh in Paris

SUMITOMO RUBBER, the Japanese tyre group which is bidding to take over the troubled French operations of the Dunlop rubber company, is proposing cuts in the workforce by about a third to restore financial balance.

But Sumitomo, which has had extensive discussions with the French Government in recent months, says it would pump FFr 300m ($36m) over three years into Dunlop France, to modernise its operations.

Although no accord has yet been completed, Sumitomo hopes to take over Dunlop France from May 1. Sumitomo agreed to take over Dunlop's UK and West German rubber activities last autumn, but said then it was not interested in the French subsidiary.

Separated from the rest of the group, Dunlop France filed for bankruptcy in October. But the company, which employs around 5,500 people in five factories, maintained production while efforts continued to find a buyer. Sumitomo has emerged as the only one of a string of potential candidates to make a firm proposition.

Sumitomo has proposed keeping almost all Dunlop's French business, closing only one small plant at Le Bourget. But it wants to reduce the workforce by between 1,500 and 2,000 people, halving the workforce at Dunlop's biggest and most outmoded plant at Montluçon in central France, which employs 2,800.

Sharp upturn for Northrop

By Our Financial Staff

NORTHROP, the U.S. military aircraft manufacturer, recovered sharply in 1983. A more than trebled fourth-quarter net profit of $40.2m, or $2.64 per share, against $12.8m, or 84 cents, pushed the full-year outcome up from a depressed $5.4m to a record $100.7m.

Sales for the year rose from $2.47bn to $3.26bn, with a near $200m advance in the final three months. Earnings per share for the year were $6.62 against 38 cents.

Buoyant bourse and interest rate cuts lift Swedish banks

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SKANDINAVISKA Enskilda Banken and Svenska Handelsbanken, the two leading Swedish banks, both boosted profits to a record level last year, helped by falling interest rates and buoyant trading in Swedish shares.

Svenska Handelsbanken emerged as the most profitable bank in Sweden with a rise of 37 per cent in consolidated group operating income to SKr 1.9bn ($234m). The return on group equity rose to 23.3 per cent from 18.5 per cent in 1982.

SE Banken, Sweden's biggest bank, which finances more than 50 per cent of Swedish exports and is the country's leading foreign exchange trader, made up ground on its main rival with a 62 per cent rise in consolidated group operating profit to SKr 2.3bn compared with SKr 1.4bn in 1982.

SE Banken'a return on group equity rose to 23 per cent from 18.9 per cent in 1982. For the first time for many years Swedisb banks were able to strengthen their balance sheets in 1983, increasing equity and reserves as a percentage of total assets.

The biggest boost to profits came from the relaxation of Swedish monetary policy and the interest rate cuts implemented by the Riksbank, the Swedisb central bank, early in 1983. This substantially reduced the banks' funding costs for their large portfolios of fixed-rate government paper.

At the same time, the banks enjoyed a big increase in fee income from securities trading because of the boom in the Swedisb stock market. Earnings from foreign exchange dealing also rose significantly.

The total assets of the SE Banken group rose by SKr 23bn to SKr 163bn, while Svenska Handelsbanken increased group assets to SKr 141.4bn from SKr 120.3bn at the end of 1982.

SE Banken is increasing its dividend for A shares to SKr 13 per share from SKr 10.63 per sbare in 1982 and for B shares to SKr 20.50 from SKr 18.13. Handelsbanken is raising its dividend by SKr 1.25 to SKr 7.50 per share.

SE Banken has taken advantage of its much bigher profits to make large provisions for foreign lending risks.

SE Banken also announced a five-for-one share spbt yesterday, which will give its shares a nominal value of SKr 10 compared with SKr 50 at present. The bank wants to widen the ownership of its stock among small investors.

Western Union plunges into red

By Paul Taylor in New York

WESTERN UNION, the U.S. telecommunications group, bas reported a $125.8m fourth-quarter loss and a $59.1m loss for the year. The losses reflect a previously announced $125m fourth-quarter charge taken in response to deregulation in the U.S. telecommunications industry. This comprised a $110m write-down of communications bardware and a $15m provision for reducing the company's workforce.

The fourth-quarter loss, equivalent to $5.31 a sbare, compared with net income of $14.3m or 51 cents a share in the final quarter of 1982 on revenues which increased to $269.4m from $249.4m. The 1982 quarter included an extraordinary $4.44m cbarge.

For the full year Western Union's loss, equivalent to $2.78 a share, compares with net income of $85.8m or $3.50 a share in 1982, which included a $3.5m or 16 cents a share gain. Revenues increased from $1.025bn in 1982 to $1.045bn

Commentiog on the launcb failure of its Westar VI communications satellite from the Space Shuttle earlier this month, the company said it was "a sharp disappointment." It added, however, that the launcb was insured for $105m which fully covered its cost

ANALYSTS ARE CONCERNED THAT SPECULATION IS OUT OF HAND

Oil merger fever hits Wall Street

BY WILLIAM HALL IN NEW YORK

"THERE is a general feeling that everyone is going to take over everybody in the U.S. oil business and we do not think that is correct," says Mr Charles Maxwell, the doyen of oil analysts on Wall Street.

The Federal Trade Commission's clearance of Texaco's $10.1bn takeover of Getty earlier this week has added fresh fuel to the oil merger mania gripping Wall Street as speculators try to predict which oil company will be the next to go.

Yesterday Gulf Oil, which is being pursued by Texan oil maverick Mr T. Boone Pickens, denied a press report that it had received a $11.6bn offer from Atlantic Richfield. But Wall Street analysts are convinced that Gulf, whose shares have soared by more than a third over the last month, is a prime takeover target.

Analysts argue that the "finding costs" of oil have risen from around $1 per barrel 10 years ago to more than $10 per barrel now. With the share prices of most oil companies still standing at a discount to their underlying asset value, it is far cheaper to "find oil on Wall Street" than underground, especially since the FTC shows little sign of challenging the takeovers so far.

Although Mr Maxwell, who works for New York brokers Cyrus J. Lawrence, believes that the current speculation is getting out of hand, he has prepared his own list of "double deals," with Gulf Oil near the top.

There are a few very special companies looking for more reserves, which have the financial clout and the paper to do it. Texaco has already shown its hand and Mr Maxwell believes that Atlantic Richfield and Standard Oil Company of Obio (Sohio) are among the would-be acquirers.

Exxon has apparently decided not to engage in takeover battles, although that is not to say it will not do so tomorrow, says Mr Maxwell.

"We know that Mobil will counterpunch, but we have reason to believe it will not lead."

PRIME TAKEOVER CANDIDATES

	Share Price* $	Market Capitalisation $bn
Atlantic Richfield	44½	11.0
Gulf Oil	53⅞	9.2
Unocal	33⅞	5.9
Sun Oil	49⅞	5.8
Phillips	37⅞	5.6
Superior Oil	39	5.0
Amerada Hess	28⅝	2.4
Kerr-McGee	34⅞	1.8

* Monday's closing prices

Standard Oil of Indiana and Standard Oil of California, he adds, do not appear to have made up their minds.

Despite Mr Pickens's moves, Mr Maxwell argues that smaller oil companies are unlikely to make lunges for their larger rivals. "A company will not go from a 20 per cent debt equity ratio to a 80 per cent debt equity ratio in order to swallow a whale. This could be the end of their company if they guess the wrong way on interest rates."

Apart from Gulf, Mr Maxwell's list includes Superior Oil (a prime candidate), the Oklahoma City-based Kerr-McGee (likely), Amerada Hess (reasonably possible), Phillips Petroleum (possible) and Sun Oil (possible).

Kerr-McGee has good U.S. gas production potential compared with most other large companies. The company's founder, Mr Dean McGee, now retains only a minimal interest in the company, so this sbould not hinder a possible acquirer, attracted by the group's asset base covering oil, gas, coal and inorganic chemicals.

Mr Leon Hess, chairman of Amerada Hess, and his associates, control a sizeable chunk of the company, making an unwelcome takeover difficult, but Wall Street analysts believe that, at the right price, Amerada Hess could be acquired.

The company's potential for higher oil production at a time when industry production is declining makes it attractive to a major company wanting to cushion itself against its own falling oil production.

Superior Oil, the biggest independent oil company in the U.S. and the subject of a bitter family feud between various parts of the founder's family, appears destined to be taken over at some stage. Mr Howard Keck, the former chairman, and the company's biggest shareholder, has hired an investment bank to help him to sell out to the highest hidder.

Growth in gas demand boosts InterNorth

BY TERRY BYLAND IN NEW YORK

THE EXPANSION in the U.S. economy is beginning to sbow througb in the form of increased sales to industry of natural gas from the three natural gas subsidiaries of InterNorth.

For 1983, InterNorth, which sells natural gas in 12 northern states of the U.S., pushed net profits from cootinuing operations ahead by 41 per cent to $255.4m, or $5.29 a share. Losses from discontinued operations of $22.8m in 1983 and $46.2m the previous year, left final net at $232.6m against $135.1m.

Northern Natural Gas, the largest operating subsidiary, with around 43 per ceot of group earnings, lifted profits by 19 per cent last year, although sales of natural gas remained depressed.

The final quarter of 1983 hrought net earnings of $68.4m, or $1.19 a share, against a loss of $8.5m, after losses of $22.8m and $39.3m respectively on discontinued operations.

The discontinued operations involved the sale of InterNorth's liquefied natural gas tankers. The group's petrocbemical units continued to benefit from increases in both selling prices and volume sales of low-density polyethylene.

Profits from Belco-Petroleum were included only from August 1, the effective date of acquisition. The board expects that, starting this year, Belco will make an increasing contribution

● Mainly because of a $12.8m write-off on a planned fund, Petro-Lewis plunged from a $7.93m net profit to a $7.99m loss, or from 38 cents earnings to 38 ceots deficit per share, in the second quarter

The petroleum developer and producer, which is presently seeking to cut its bank debt and that of its partnerships by $1bn reports a half-time net loss of $6.42m, against a $10.71m profit; or 30 cents deficit, against earnings of 51 cents. The result was also after $1.9m of other product development costs.

The write-off related to expenses on the company's Plus Fund 11 offering, which it has withdrawn in the light of the planned property disposals aimed at reducing debt.

ABC result hits record level on improved sales

BY OUR NEW YORK STAFF

AMERICAN Broadcasting Companies (ABC), the U.S. television network and publishing group, yesterday reported record fourth-quarter earnings and record revenues for the quarter and the year.

ABC was buoyed by improved resolts from its hroadcasting and publishing divisions, which offset sharply lower interest income and increased investment in the group's new video businesses.

In the fourth-quarter, ABC reported net earnings 21 per cent higher at $49.6m, or $1.69 a share, compared with $41.1m, or $1.42 a share a year earlier. Revenues increased by 15 per cent to $871.3m from $759.7m.

However, despite the improved fourth-quarter results, which were broadly in line with Wall Street expectations, full-year net earnings lagged 1982 results because of two non-recurring gains totalling $14.9m in 1982.

Excluding these two items, ABC said net earnings last year increased by 10 per ceot.

After-tax net income, however, fell to $159.8m or $5.45 a share, compared with $160.03m or $5.54 a share in 1982 on revenues which grew by 11 per cent to $2.95bn from $2.66hn.

Skrinet plans rights issue

By David Brown in Stockholm

SKRINET, a fast-growing Swedish investment group, is planning a rights and warrant issue expected to raise about SKr 500m ($62m). The group, which invests mainly in small companies, is to introduce a number of its subsidiaries on the Swedish over-the-counter market this year. It is also forming a new venture capital company, as well as a Swedish-Norwegian investment unit with three Norwegian partners.

Much of Skrinet's growth stems from the sale of assets in companies it has acquired. It had pre-tax profits last year of SKr 47m

INTL. COMPANIES & FINANCE

Toyota Motor lifts interim profits to record Y231bn

BY YOKO SHIBATA IN TOYKO

TOYOTA MOTOR, Japan's largest manufacturer of cars, has reported record unconsolidated pre-tax profits of Y231bn ($987m), up by 20.6 per cent, for the half year to December.

Parent company net profits were 12.7 per cent higher at Y100.3bn on *full year sales of* Y629bn, up by 10.9 per cent. The company is paying an unchanged Y7 interim dividend.

During the half-year, Toyota sold 801,522 vehicles in the domestic market, up by 8.9 per cent, with passenger car sales reaching 670,832 units, a rise of 11.6 per cent. Export sales were 3.8 per cent higher at 825,390 units. Passenger car exports were up 2.4 per cent at 529,133 units.

In value terms, domestic sales rose by 18.6 per cent to account for 55 per cent of the total, and export sales rose by 5.6 per cent.

Having accounted for an exchange rate of Y238 to the U.S. dollar for the period the company made a large exchange loss of Y40bn due to the appreciation of the yen.

However, this was more than offset by the effects of a boost in production and sales due to the successful introduction of new models as well as a rise in net financial revenue of Y5bn.

A steady upturn in domestic and overseas economies is expected in the current half year. The company expects to sell 3.31m vehicles in the full year, up by 4 per cent from last year's 3.18m. Domestic car sales are projected at 1.62m and export sales at 1.69m units. The company expects its knock-down kit sales for the full year to reach 150,000 units, a rise of 34,000.

Sales revenues are expected to reach Y5,300bn up by 9.2 per cent, pre-tax profits are forecast to reach more than Y460bn, up by 15 per cent and net profits to rise by 14 per cent to Y230bn.

● Shotchiro Toyoda, president of Toyota Motor, suggested on Tuesday that his company would have to consider raising motor vehicle prices when the Government enforces a proposed tax increase, reports Kyodo from Nagoya.

Meanwhile, Toyota executives have said that the company's plant and equipment investments in the current business year ending June 30 will total about Y156bn against the originally planned Y190bn.

Lex, Back Page

HK blue chip earnings to rise

BY ROBERT COTTRELL IN HONG KONG

COMPOSITE earnings of Hong Kong's leading companies are likely to rise by at least 10 per cent in 1984, following an estimated decline of almost 6 per cent in 1983, according to a forecast by the Hongkong and Shanghai Bank's economic research department.

The forecast, published in the February edition of the bank's "Economic Report," is for the 33 companies which make up the Hang Seng Index, Hong Kong's main stock market indicator. The 1983 estimates come from Wardley Data Services, a subsidiary of the bank.

Wardley says profits of companies in the Hang Seng Index probably declined by 5.8 per cent in 1983, after a fall of 8.9 per cent in 1982. The worst sufferers, says Wardley, were property stocks, where earnings declined by about 32 per cent in both 1982 and 1983.

The Hang Seng Index constituents account for about two-thirds of the total capitalisation of the Hong Kong stock market, and about three-quarters of turnover. An effect of the collapse of Hong Kong's property market has been to reduce the proportionate importance of property companies from 32 per cent of the index capitalisation at the end of 1981 to 22 per cent at the end of 1983.

Those proportions do not, however, take into account the substantial property assets owned by companies classified in other sectors. Analysts estimate that, at the height of the property boom in 1981, as much as 70 per cent of the colony's stock market capitalisation was attributable to property assets.

The study says that HK$1.53bn in new capital was raised through the Hong Kong stock markets in 1983, roughly equal to the 1982 level. Half of that cash was attributable to a single rights issue, when First Pacific Holdings raised HK$752m to finance its purchase of the Hibernia Bank of California.

Four companies were floated on the market, all of them industrial stocks—reflecting the resurgence of Hong Kong's manufacturing sector. Three of the four were electronics companies, the fourth was a metals and metal products dealer.

● Lambda Technology, the Hong Kong electronics manufacturer which went public in August 1983, has reported maiden interim profits sharply higher than expected and says it will beat its prospectus forecast for the full year.

For the six months to September 1983, Lambda reports net earnings of HK$18.2m. Its prospectus forecast was for net earnings of at least HK$35m for the full year to March. Lambda plans to pay a final dividend of 19 cents for the current year but, in line with its prospectus forecast, it is not making an interim distribution.

HANG SENG INDEX CONSTITUENT SHARES

	MARKET CAPITALISATION (HK$bn)			EARNINGS (HK$bn)		
	1981	1982	1983	1981	1982	1983
Banks, financial	42.2	23.1	26.2	2.8	3.2	3.4
Trading, commercial	20.8	13.3	16.9	2.8	2.5	2.3
Utilities	19.8	17.1	20.8	1.7	2.1	2.4
Properties	47.0	20.3	20.2	4.6	3.1	2.1
Total	147.2	82.8	93.4	13.4	12.2	11.5

1983 figures are estimates.

Singapore stakes cast doubt on CUB bid

By Chris Sherwell in Singapore and Terry Povey in London

STRAITS TRADING, the Singapore-based trading company, has not yet taken any decision regarding the full take-over bid by Elders-IXL for Carlton United Breweries (CUB), the Australian brewer, in which Straits recently took a minority stake.

Straits, says its stake in CUB is limited to the 4.59 per cent bought over the last four months at a total cost of A$38.8m—an average of A$3.35 per share. However, brokers in London say other Singapore-based companies with which Straits Trading is associated—in particular the Overseas-Chinese Banking Corporation (OCBC)—also have holdings in CUB.

OCBC and Straits Trading, as well as Malayan Breweries, are all connected with the business and financial empire of Mr Tan Chin Tuan.

According to one broker: "It is pretty obvious that the OCBC group, which includes Straits Trading, have substantially more than 4.59 per cent of CUB between them. It could well be that the combined stake is more than 10 per cent."

The size of the stake in CUB taken by the associated Singapore groups is critical to the plans of Elders IXL, the Australian pastoral, trading, and finance group which is currently attempting to buy 100 per cent of CUB, having obtained control in mid-December.

Elders' bid for CUB was first made in early December. The pastoral group offered six of its shares plus A$12.20 in cash for every 10 CUB shares. An alternative cash offer of A$3.82 per CUB share was made mid-December. The cash plus shares bid values CUB at A$972m.

To be able to compulsorily purchase all the outstanding shares, and thus have a free hand in dealing with its assets, Elders must buy—either on the market or through its formal shares plus cash offer—at least 90 per cent of CUB.

In London recently Mr John Elliot, managing director of Elders, said he believed that the foreign investment company that was buying CUB shares on the market would not seek to block Elders' achieving the 90 per cent mark. Yesterday's statement by Straits Trading must now cast some doubt on this.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

Bell Atlantic

Bell Atlantic Corporation

(Incorporated with limited liability in the State of Delaware in the United States of America)

Authorised		Issued and reserved for issue at 31st January, 1984*
250,000,000	Shares of Common Stock of U.S. $1.00 par value	103,931,203

**including 7,340,000 shares reserved for issue*

Bell Atlantic Corporation is the parent company of New Jersey Bell Telephone Company, The Bell Telephone Company of Pennsylvania, The Chesapeake and Potomac Telephone Companies and The Diamond State Telephone Company (the "telephone subsidiaries"), which furnish local telecommunications, exchange access service and printed directory advertising in the States of New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia and the district of Columbia, U.S.A. Other subsidiaries provide cellular advanced mobile communications services and customer premises equipment.

Total operating revenues and net income of the telephone subsidiaries for the twelve months ended 30th June, 1983 were U.S. $8,732.3 million and U.S. $1,054.5 million respectively.

The Council of The Stock Exchange has admitted to the Official List all the 103,931,203 Shares of Common Stock of Bell Atlantic Corporation issued and reserved for issue.

Particulars relating to Bell Atlantic Corporation are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th March, 1984 from:

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Cazenove & Co.
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London EC2R 7AN

de Zoete & Bevan
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15th February, 1984

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BELLSOUTH

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500,000,000	Shares of Common Stock of U.S. $1.00 par value	107,000,000

**including 10,426,170 shares reserved for issue*

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Total operating revenues and net income of the telephone subsidiaries for the twelve months ended 30th June, 1983 were U.S. $10,512.6 million and U.S. $1,393.1 million respectively.

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15th February, 1984

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(Incorporated with limited liability in the State of Delaware in the United States of America)

Authorised		Issued and reserved for issue at 1st February, 1984*
250,000,000	Shares of Common Stock of U.S. $1.00 par value	105,525,000

**including 8,525,000 shares reserved for issue*

NYNEX Corporation is the parent company of New York Telephone Company and New England Telephone and Telegraph Company (the "telephone subsidiaries") which furnish local telecommunications and exchange access service in the State of New York and a small portion of the State of Connecticut, and in the States of Massachusetts, Maine, New Hampshire, Rhode Island and Vermont, respectively, in the U.S.A. Through other subsidiaries, NYNEX Corporation also publishes directories, provides cellular advanced mobile communications services in portions of the north-eastern U.S.A. and is engaged in the sale of customer premises equipment.

Total operating revenues and net income of the telephone subsidiaries for the twelve months ended 30th June, 1983 were U.S. $10,006.6 million and U.S. $1,029.8 million, respectively.

The Council of The Stock Exchange has admitted to the Official List all the 105,525,000 Shares of Common Stock of NYNEX Corporation issued and reserved for issue.

Particulars relating to NYNEX Corporation are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th March, 1984 from:

Credit Suisse First Boston Limited
22 Bishopsgate,
London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

Rowe & Pitman
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA

15th February, 1984

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

PACIFIC TELESIS Group

Pacific Telesis Group

(Incorporated with limited liability in the State of Nevada in the United States of America)

Authorised		Issued and reserved for issue at 27th January, 1984*
505,000,000	Shares of Common Stock of U.S. $0.10 par value	101,000,000

**including 4,000,000 shares reserved for issue*

Pacific Telesis Group is the parent company of Pacific Bell and Nevada Bell (the "telephone subsidiaries"), which furnish local telecommunications and exchange access service in the States of California and Nevada, U.S.A. Through these or other subsidiaries it also provides printed directory advertising, marketing of customer premises telecommunications equipment and cellular advanced mobile communications services.

Total operating revenues and net income of the telephone subsidiaries for the twelve months ended 30th June, 1983 were U.S. $7,895.9 million and U.S. $712.9 million, respectively.

The Council of The Stock Exchange has admitted to the Official List all the 101,000,000 Shares of Common Stock of Pacific Telesis Group issued and reserved for issue.

Particulars relating to Pacific Telesis Group are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th March, 1984 from:

Credit Suisse First Boston Limited
22 Bishopsgate,
London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

James Capel & Co.
100 Old Broad Street,
London EC2N 1BQ

15th February, 1984

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Southwestern Bell Corporation

Southwestern Bell Corporation

(Incorporated with limited liability in the State of Delaware in the United States of America)

Authorised		Issued and reserved for issue at 14th February, 1984*
350,000,000	Shares of Common Stock of U.S. $1.00 par value	101,675,000

**including 4,675,000 shares reserved for issue*

Southwestern Bell Corporation is the parent company of Southwestern Bell Telephone Company, which furnishes exchange telecommunications and exchange access service in the States of Arkansas, Kansas, Missouri, Oklahoma and Texas, U.S.A. Through other subsidiaries it also provides printed directory advertising, cellular advanced mobile communications services and marketing of business and residential communications equipment and systems.

Total operating revenues and net income of Southwestern Bell Telephone Company for the twelve months ended 30th June, 1983 were U.S. $7,859.5 million and U.S. $887.9 million respectively.

The Council of The Stock Exchange has admitted to the Official List all the 101,675,000 Shares of Common Stock of Southwestern Bell Corporation issued and reserved for issue.

Particulars relating to Southwestern Bell Corporation are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th March, 1984 from:

Credit Suisse First Boston Limited
22 Bishopsgate,
London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

Scott Goff Hancock & Co.
Salisbury House,
London Wall,
London EC2M 5SX

15th February, 1984

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

USWEST

US WEST, Inc.

(Incorporated with limited liability in the State of Colorado in the United States of America)

Authorised		Issued and reserved for issue at 30th January, 1984*
500,000,000	Shares of Common Stock without par value	100,877,000

**including 3,877,000 shares reserved for issue*

US WEST, Inc. is the parent company of The Mountain States Telephone and Telegraph Company, Northwestern Bell Telephone Company and Pacific Northwest Bell Telephone Company (the "telephone subsidiaries"), which furnish local telecommunications and exchange access service in the States of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Oregon, Utah, Washington and Wyoming, U.S.A. Through other subsidiaries it also provides printed directory advertising, cellular advanced mobile communications services and the marketing of business communications equipment.

Total operating revenues and net income of the telephone subsidiaries for the twelve months ended 30th June, 1983 were U.S. $7,596.1 million and U.S. $910.9 million respectively.

The Council of The Stock Exchange has admitted to the Official List all the 100,877,000 Shares of Common Stock of US WEST, Inc. issued and reserved for issue.

Particulars relating to US WEST, Inc. are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th March, 1984 from:

Credit Suisse First Boston Limited
22 Bishopsgate,
London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

Hoare Govett Ltd.
Heron House,
319-325 High Holborn,
London WC1V 7PB

15th February, 1984

Plantation shares soar in Malaysia

BY WONG SULONG IN KUALA LUMPUR

AFTER TWO YEARS in the doldrums, Malaysian plantation companies are back in favour with investors and leading other sectors in the current bull run on the Kuala Lumpur Stock Exchange.

Almost every analyst expects greatly improved earnings from plantation stocks for 1984 and 1985, as palm oil and cocoa prices reach new highs, and rubber prices near up to break the "must sell" level fixed by the International Natural Rubber Organisation (INRO).

In the past year, the Plantation Index on the KLSE has risen 65 per cent, to over 1,200 points, compared with the Industrial Index gain of only 45 per cent to 680 points.

Three of the top ten companies on the KLSE are plantation groups (the rest being mainly banks). Harrisons Malaysian Plantations is ranked fifth, Consolidated Plantations, the Sime Darby subsidiary, seventh and Kuala Lumpur Kepong, tenth. A year ago, these three stood, respectively seventh, ninth and seventeenth.

Malaysia is expected to earn at least 1bn ringgit (U.S.$430m) extra this year from higher palm oil prices alone. Last October, the Finance Ministry projected palm oil export earnings at 3.36bn ringgit for 1984, based on 3.3m tonnes at a price of 1,050 ringgit per tonne. However, crude palm oil prices since January 7 have exceeded 2,000 ringgit per tonne.

A poor soya bean crop in the U.S., lower palm oil production in Malaysia, and a dramatic switch from animal fats to vegetable oils in India and Pakistan have helped to push palm oil prices to record levels.

The current high prices are not expected to be maintained long, but Government officials now feel palm oil should average between 1,300 and 1,400 ringgit per tonne for 1984. The publicly listed prices can rise to between 3 ringgit. The publicly listed plantation companies are the main beneficiaries as 70 per cent of their planted area is under oil palm.

Cocoa, which has become a third crop for an increasingly large number of estates, is also expected to make a significant contribution to earnings. Prices are now at a five year high. Malaysian exports of cocoa this year should be around 100,000 tonnes, compared with 50,000 tonnes two years ago.

According to Datuk Paul Leong, the Malaysian Minister of Primary Industries, the big question in the weeks ahead is whether rubber will break the "must sell" level of 246 Malaysia/Singapore cents a kilo. This is a psychological mark which rubber must breach if it is to move onto higher ground. The current price is eight cents below. INRO has 270,000 tonnes of rubber in its stockpile, acting to hold prices down.

Malaysia and other rubber producing countries want INRO to sell some of its stocks, to test the market, as they feel confident the market can well absorb the release without adversely affecting the price, given the strength of world demand. Datuk Paul Leong feels that once the psychological barrier is broken, rubber prices can rise to between 3 and 4 ringgit a kilo.

Good commodity prices apart, Malaysian plantation companies have been buoyed up by the considerable restructuring and takeover activity in the industry.

Last month, Harrisons Malaysian Plantations, 60 per cent owned by Permodalan Nasional, the Government investment company, said it had entered into discussions with Harrisons and Crosfield of the UK, which has a 30 per cent holding in it, with a view to its taking over 10 Malaysian-based, but London-incorporated, rubber companies in which H and C has stakes. The value of the deal is expected to exceed 300m ringgit.

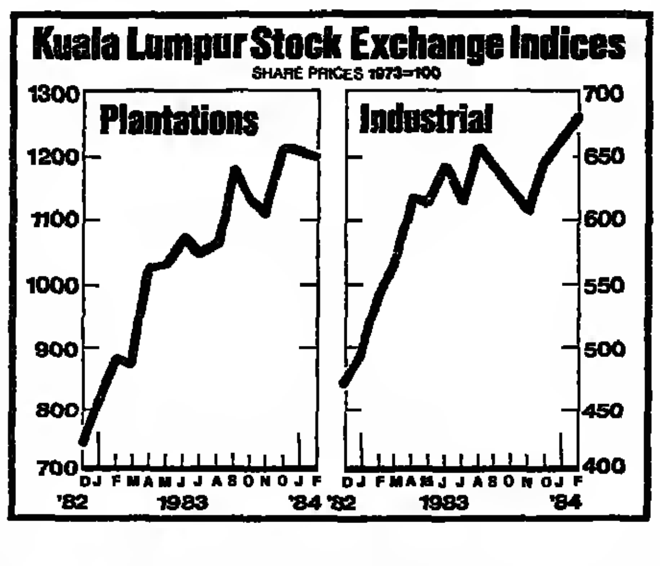
Boustead Holdings has announced a rationalisation plan for its rubber interests, putting them all under Kuala Sidim, which would emerge with an expanded holding of 29,000 hectares.

Kuala Lumpur Kepong, Malaysia's fourth largest plantation group, is laying out nearly 300m ringgit—all in cash—to buy up more estates. If its Sabah deal goes through, KLK will add 12,500 hectares to its present 41,000 hectares. It is also the largest shareholder in Highlands and Lowlands, having raised its stake from 19 per cent to 26 per cent last year. High and Low has 29,000 hectares.

Last August, the prominent Malay businessman, Syed Kechik, secured a publicly listed vehicle by buying a controlling 33 per cent in Temerloh Rubber Estates from its British owners for just over 21m ringgit.

From a price of 6 ringgit when the deal was announced, Temerloh shares have risen steadily, to over 9 ringgit each, in the expectation that Syed Kechik will develop the company in new directions.

Other rubber companies whose shares have shot up in recent weeks on expectations of new acquisitions, takeovers and expansion include Bedford, K. T. Pau, Riverview, Sungei Bagan, and Taiping Consolidated.



Shipping losses hit Canadian Pacific

By Robert Gibbens in Montreal

CANADIAN Pacific has posted consolidated net profits of C$143m (U.S.$114m) or C$1.98 a share for all 1983 against C$186m or C$2.60 a share in 1982.

The decline was due mainly to heavy losses in directly held shipping subsidiaries and difficulties with the iron and steel companies held indirectly through 70 per cent-owned CP Enterprises, the non-transport group.

The company said the impact of the 1982 recession continued in the first half of 1983 but fourth-quarter earnings turned round to C$41m against C$38m a year earlier.

CP Rail benefited from higher freight volumes in the fourth quarter.

CP Air's losses were reduced while depressed container and bulk markets, with a number of write-offs, brought higher shipping losses.

Moody's cuts bank rating

By Our New York Staff

MOODY'S, the U.S. credit rating agency, has downgraded the senior long-term debt of Continental Illinois from A2 to A3. It has also lowered the rating on the group's preferred stock to BAA1 from A3.

The new ratings reflect Moody's assessment that the Chicago banking group's asset quality "will remain inferior over the intermediate term".

Moody's says that Continental Illinois' profitability is expected to remain disappointing as a result of the heavy burden of non-performing assets.

Kodak expects recovery after profits plunge 51%

BY PAUL TAYLOR IN NEW YORK

EASTMAN KODAK, the world's largest photographic products manufacturer, yesterday reported lower fourth-quarter earnings and a 51 per cent decline in full-year net earnings, but said the company was on the verge of a sharp sales and profits recovery.

Kodak has been undergoing a massive restructuring, which includes the shedding of about 10 per cent of its U.S. workforce since the start of last year. It reported a 52 per cent decline in fourth-quarter earnings from operations which totalled $235m, compared with $492m a year ago. Net earnings for the latest period fell by 63 per cent to $117.4m or 70 cents a share, from $320.7m or $1.94 a share.

Worldwide sales for the quarter fell by 15 per cent to $2.57bn from $3.03bn in the 1982 period, which included two additional months of foreign photographic operations – a step taken in 1982 to align more closely the reporting periods for all the multinational's photographic units. Kodak said sales in the latest quarter were slightly higher than a year earlier.

The sharp decline in fourth-quarter earnings continued the pattern of disappointing results from Kodak which began in the first quarter last year. As a result, the company reported full year earnings from operations of $1.03bn, 45 per cent below the $1.86bn reported a year earlier. Net earnings of $565.3m or $3.41 a share were 51 per cent lower than the $1.16bn or $7.12 a share reported in 1982.

Worldwide sales of $10.17bn last year were 6 per cent behind the $10.81bn in sales in 1982. Most of the decline was attributable to the changes in reporting periods.

Mr Colby Chandler, chairman and chief executive, and Mr Kay Whitmore, president, commented: "As a company we have endured four years of recession, four years of a strengthening dollar and four years of start-up costs for programmes designed to reaffirm our leadership in traditional lines of business. We believe this difficult period is largely behind us. We see 1984 as a year of increased sales and sharply higher earnings."

Coastal and Houston Gas abandon battle

BY WILLIAM HALL IN NEW YORK

COASTAL Corporation, the Texas energy group, has backed down from its $1.3bn partial takeover bid for Houston Natural Gas, but has been assured of a profit of more than $40m for its two-week pursuit of its larger rival.

Houston Natural Gas (HNG) and Coastal announced that they had terminated their rival offers, and all litigation between the two companies is being dismissed.

In addition, HNG has purchased the 2m shares owned by Coastal for $80 per share. Coastal is understood to have paid $97.4m for the shares and had been offering $68 per share in a partial tender offer.

HNG's decision to end the acrimonious battle between the two companies means that Coastal will collect a profit of $27.1m on its shares plus another $15m for its "fees and expenses" during the battle, which started on January 27 when it made an unwelcome partial takeover bid.

HNG and Coastal have also signed an agreement under which Coastal will have the option to obtain natural gas transmission services from HNG. The latter has agreed to give Coastal the option to dedicate for sale to HNG certain quantities of natural gas. Both companies have agreed not to purchase stock in each other or seek to influence the affairs of the other for five years.

Construtora Mendes tumbles

By Andrew Whitley in Rio de Janeiro

CONSTRUTORA Mendes Junior, the holding company for the leading Brazilian international contractor, suffered a 42 per cent decline in its pre-tax profits last year, due to the virtual drying up of all Brazilian capital projects.

Pre-tax profits rose in nominal cruzeiro terms by nearly 100 per cent, from Cr 19bn to Cr 37.9bn ($61.8m on the year's average exchange rate). But over the same period the consumer price index shot up by 211 per cent.

A windfall gain of $65m, resulting from foreign exchange profits abroad, after the maxi-devaluation of last February, helped to make the final result more respectable than it would otherwise have been.

Financial expenses rose last year by nearly 450 per cent compared with 1982 to Cr 170bn. Gross financial costs alone outweighed the Brazilian company's gross operational profits of $242m. The latter showed a small decline on the previous year.

In a statement accompanying the results, the family-owned company said orders on its books at the end of last year would guarantee an "appreciable portion" of its future income.

Peabody gets revised offer

A REVISED offer has been made for Peabody International, the diversified engineering and pollution control group, by the investment group led by Miami-based financier Mr Victor Posner.

Peabody has referred the new offer, which retains the element of $15 cash a share, to an independent committee of outside directors. The offer, from Chesapeake Financial, is subject, among other things, to the availability of $225m additional finance and approval of at least 80 per cent of Peabody's holders. Chesapeake and its affiliates, DWG and Southeastern Public Service, would put up $50m.

INTERNATIONAL APPOINTMENTS

Murphy Oil chief executive

● Mr H. Murphy, Jr, chairman of the board of MURPHY OIL CORPORATION, has stepped down as chief executive, but will continue as chairman. His successor as chief executive officer is Mr Robert J. Sweeney, who has been president and chief operating officer since 1972. Mr Sweeney has been associated with Murphy Oil since 1962, having served previously as vice-president of production and exploration and as president and chief executive officer of Murphy Eastern Oil, an affiliate with headquarters in London.

*

● Mr Giorgio Orsi has been appointed managing director of the SADE/SADELMI CONSTRUCTION GROUP, affiliates of General Electric Company of the U.S. Mr Orsi was deputy managing director of the group. He was also managing director of Sadelmi Cogepi, the largest of these affiliated companies. He succeeds his older brother Mr Vittorio Orsi.

*

● The partners' committee of UNITED INTERNATIONAL PICTURES, has appointed Mr Michael Williams-Jones as president of its motion picture group. He joined UIP at its founding in October 1981 as vice-president, continental European manager.

*

● BEECH AIRCRAFT CORP, Wichita, has elected Mr Chester A. Remhleske to executive vice president. He will assist Mr Linden Blue, president and chief executive officer, in the overall management of Beech, with full authority to act in his absence.

*

● Mr Stephen Gerstman has been named president of INAPRO, INC, a CIGNA company based in Philadelphia. He joined INAPRO in 1979 and served most recently as senior vice president - professional liability. CIGNA Corp, formed by the merger of INA Corp and Connecticut General Corp, provides insurance and related financial services.

*

● KAJIMA CORPN, the Japanese construction company, has named vice-chairman, Mr Shoichi Kajima as president, succeeding Mr Rokuro Ishikawa who will be promoted to chairman. The formal appointments will be made at a shareholders' meeting on February 28.

before being appointed senior vice-president, international sales in November 1982.

*

● CARTER HAWLEY HALE STORES INC, has made the following changes within its Thalbimers division: Mr Charles G. Thalhimer has been appointed to the newly-created position of vice chairman. He has been with the company for 36 years, for the past 10 years as president. Mr Stewart M. Kasen is appointed president. He is currently executive vice president and general merchandise manager. Mr William B. Thalhimer, Jr, continues as chairman and chief executive officer.

*

● The U.S. COMPTROLLER of the Currency has selected Ms Janice A. Booker as director of the customer and industry affairs division. She joined the office in 1980 as a customer programme specialist.

*

● Mr Jack G. Clarke, a senior vice president and member of the board of directors of Exxon Corp, has been elected chairman of the UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS. He succeeds Mr Ralph A. Pfeiffer, Jr, chairman and chief executive officer, IBM World Trade Americas/Far East Corp.

APPOINTMENTS

British Nuclear Fuels changes

A major reorganisation of the board and senior management is taking place at BRITISH NUCLEAR FUELS (BNFL). Under the reorganisation, Mr Con Allday will continue as chairman and chief executive. Dr Donald Avery, deputy managing director and BNFL's chief witness at the Sizewell PWR inquiry, intends to retire when the inquiry ends. His responsibilities for health, safety and environmental matters will be taken over by a new technical director, Mr Jack Tallock who, as assistant managing director is responsible for the reprocessing division, will continue as Assistant Managing Director and will have special responsibility for engineering activities.

Mr Roy Pilling, director, operations, reprocessing division, will become executive director with special responsibility for production activities. Mr Alan Johnson, director, enrichment division, will become executive director with special responsibility for commercial activities. Mr John Hayles will continue as finance director.

Mr Gordon Steele, general manager, Springfield Works will become director of reprocessing division operations, with overall responsibility for operations on the Sellafield site. Dr William Wilkinson, assistant director, engineering group, reprocessing division, will become director of reprocessing division engineering. Dr Anthony Stephens, divisional chief engineer, fuel division, will become director of fuel division. Mr Neville Chamberlain, technical policy and business, enrichment division, will become director of enrichment division.

*

Mr David M. L. McWilliam is joining R. P. MARTIN on March 1, 1984, as managing director. Mr Peter M. Endres, formerly managing director, has been appointed executive deputy chairman.

*

Mr Michael D. Roden has been appointed assistant general manager, operations and Mr Peter M. Gallant has been appointed assistant general manager, marketing sales and distribution, within group treasury at MIDLAND BANK in London. Mr Roden was vice-president, financial control with Citibank in London. Mr Gallant also joins Midland from Citibank, London where he was vice-president, treasury. Mr Bernard J. Lind has been appointed executive vice-president and treasurer at Midland Bank's New York branch, with responsibility for dealing operations and liability management. He was previously senior vice-president and deputy general manager with Credit Industriel et Commercial, New York.

*

PLANET GROUP has appointed Mr Anthony G. T. Chubb and Mr John M. Hall non-executive directors of the group. Mr Chubb is managing director of Foseco Minsep and director of Electrocomponents. Mr Hall is senior partner of Ernest Hall and Co, chartered accountants, and chairman of Nottingham Brick.

*

The bingo operations of BASS are being separated from Bass Leisure to enable Bass Leisure to concentrate on machine operation and other leisure activities. A new operating company, to be called Coral Social Clubs, will control Coral Bingo and Thorn EMI Social Clubs. Mr O. C. Darby becomes chairman of Bass Leisure and of Coral Social Clubs. He will remain chairman of the Midland beer division. Mr H. E. Simpson will become managing director of Coral Social Clubs.

*

Baron Guy de Wouters, until recently head of strategic planning for Shell International Petroleum Company (London), has been elected deputy chairman of the ORANGE-NASSAU GROUP. Baron de Wouters is also acting as a special adviser to Société Générale de Belgique.

*

Mr Ian M. Morton has been appointed a director of TERRA NOVA. He continues as marine underwriter. Mr O. D. Oliphant has resigned his directorship on his retirement from the Fireman's Fund.

*

Mr F. D. Murdoch has been appointed chairman of DURT-NELL & FOWLER.

*

Mr G. W. Cooper has retired as non-executive director and chairman of METAMEC JENTIQUE. Mr John H. Williams has succeeded him as a non-executive director and chairman.

*

Mr Charles Hambro has been appointed a director of GENERAL ORIENTAL.

*

Mr Robert Vaes has been appointed to the board of TANKS CONSOLIDATED INVESTMENTS. He was Belgian Ambassador in London.

*

Mr Robin Johnstone has been appointed as a non-executive director of ELBAR INDUSTRIAL.

*

Mr Christopher Prideaux has resigned as director of ARBUTHNOT LATHAM BANK following the sale of Landauer and Co (Fibres) and Quick, Reek and Smith. Mr Kjell Herrlin and Mr Jeremy Kaye have been appointed director of the bank.

*

Mr John D. London, Mr Ian R. MacDonald, Mr Ian Robertson and Mr Alec Shaw have been appointed directors of STENHOUSE HOLDINGS. They remain directors of Reed Stenhouse and Partners. Mr Arthur W. John, Mr John G. Stenhouse, Mr Paul H. A. Stenhouse and Mr Raymond C. Strange have resigned from the board.

*

Dr Sam Marshall has been appointed director and general manager of HONEYWELL'S Scottish operation based at Newhouse, Lanarkshire, as part of a restructuring of the management of Honeywell Control Systems. He joined Honeywell in 1971, and was personnel director for UK operations.

*

Mr Tom Askwith has joined THORN EMI MICROLOGIC, as manufacturing director. He was projects manager with STC Components.

*

THE MERSEY DOCKS AND HARBOUR COMPANY has made an internal appointment as manager of the Liverpool free port—Mr Frank Robotham, a senior member of the marketing department who joined Mersey Docks in 1977.

*

Mr Stephen R. O'Shea has been appointed to the divisional board of the security and acoustics division of HALMA. He remains managing director of Apollo Manufacturing, acquired by Halma last August.

*

EASAMS has appointed Mr Dennis Harris as managing director. He was formerly company manager. Mr Howard Surtees, formerly managing director, is appointed associate director of The Marconi Company and will undertake special duties in pursuit of large projects overseas. Mr F. H. Bond moves from general manager to chairman of EASAMS.

*

RAILFREIGHT's new national business manager (coal) is Mr Leslie Smith. He succeeds Mr John Edmonds, who has been appointed director, provincial services, at British Rail headquarters. Mr Smith was chief freight manager for BR's Western region.

Mr Peter Thompson has been appointed to the board of MILBURY HOMES SOUTH as technical director.

*

Mr Michael D. Long, vice-president, has joined the London branch of REPUBLICBANK DALLAS, NA, as head of its energy banking group. He replaces Mr Robert R. Wetteroff, vice-president, who is returning to the Dallas office as the manager of the regional division covering Denver, Oklahoma and Kansas.

*

Mr Richard H. R. Latham has been appointed to the board of INTERNATIONAL ATLANTIS RESOURCES.

Second half progress at Carpets Intl. but losses continue

BY CHARLES BATCHELOR

Carpets International, Britain's largest carpet maker, yesterday announced that it expects to make a small loss in 1983. Its shares fell 2½p yesterday to 63½p.

Carpets, which has recently undergone a radical restructuring, said the last six months of 1983 showed an improvement over the same period of 1982 but this was insufficient to achieve profitable operations.

Mr John Pickard, director of finance, said that a forecast pretax profit of £650,000 made in a statement issued last month had referred to the tile division only and not to the group as a whole.

In the event this division made a profit of only £553,000 because of poor trading in December. "It is fairly easy for profits to swing by £100,000 a month when you are talking about turnover of £15m," Mr Pickard said.

Despite the failure to return to profit last year "solid progress" was made in 1983 and a major swing was made towards profitability from the 1982 consolidated loss of £5.58m, Carpets said.

The improvement in UK trading was not maintained in the second half. A higher proportion of sales were low margin products, such as printed tufted carpets, and competition intensified as a result of increased tufted carpet imports from the Continent, particularly Belgium.

Carpets also suffered from an overtime ban imposed by carpet workers throughout the UK in support of a pay claim. This dispute has now been resolved, the company said.

Carpets expects that the group and its UK subsidiaries will make a profit this year.

Overseas the results of investment programmes are also expected to show through, the company said.

Deborah Services back in the black at six months

A return to profits has been achieved by Deborah Services in the half-year ended September 30 1983, the figure being £371,000 against the loss of £60,000 suffered in the corresponding period. "We are not yet making the profits of previous years, but our recovery is dramatic," says the chairman Mr A. L. Britton. He looks forward to the remainder of the year with confidence.

The return to profits reflects the efforts to contain overheads, reduce and if possible eliminate the loss-makers, and an increase in turnover and profitability in traditional activities.

The group provides a specialist scaffolding and insulation service primarily used in process plant maintenance programmes, and its shares are traded in the market made by Granville and Co. Sales for the half-year rose from £13.9m to £17.1m.

An unchanged interim dividend of 1.21p net is declared. For the year ended March 31 1983 a total of 4.235p was paid from a profit of £86,000.

56 companies wound-up

COMPULSORY winding up orders against 56 companies were made by Mr Justice Mervyn Davies in the High Court. They were:

D. Hales, Seatrain International S.A., Mawney Press, Poseidon Films, A. Williamson (Butchers and Fishmongers), Daymart.

John Mack (Printers), K. Jay's, Waveledge, Widgets, Ranmar Contractors.

Falcon Finishers, Howden Heating, Alexander Modes of London, Mother Hubbard's Kitchens, Artina Records.

Geo. T. Baynham and Sons, Whispering Wheels, Ron-X-Mirrors, Interset Computer Systems, Dual Roofing (Industrial/UK), Fifegate Builders, Change Wares Shelving.

Valedune (Haulage), Cafeteria & Hotel Equipment, Swainhurst, Ongley Associates, G. & T. Ingram, Hovertube, W. S. Barchard & Sons.

Galberry, Skyroad, Plemaglen, C. A. Systems, Peter Hayward Publications.

Merrybome, Racklane, M. H. Yahyalar (Tailoring), Aquarius Water Treatment, Harwar, M. Parsons and Sons.

Newbold Building Contractors, Patertree, Lilley and Stenson, Beachborder, Chris Steyne Consultants, Track 2, Peacare.

Westway Publishing Company, Mayo Plant, Black Country Home Improvements, Antofleet (Luton), Maughan Heating and Engineering Services, D.G. Realisations, Elmers Court, NU-U.M.B.

A compulsory order made on January 23 against Clarios Catering Company was rescinded and the petition dismissed by consent. A similar order on January 16, against Hatchlord was rescinded and the petition adjourned until March 12.

BIDS AND DEALS

Agreed U.S. £5.45m offer for Scottish paper maker

JAMES RIVER, the largest maker of speciality paper products in the U.S., has made an agreed £5.45m cash offer for GB Papers, the Scottish papermaker formerly called Culter Guard Bridge.

The offer is worth 73p per GB Papers share, which compares with GB's suspension price yesterday of 56p. After a resumption in trading in the group's shares, they they closed at 71p for a 15p gain on the day.

The purchase marks James River's first move outside North America. In spite of large growth since it was founded in 1969, lifting turnover from $4m (£2.8m) to an estimated $2.3bn this year, all expansion has come in the U.S. and in Canada.

Mr John Dick, deputy chairman of GB Papers, said yesterday that the deal would provide financial stability, access to new technology, and new marketing outlets in the U.S.

From near-bankruptcy in 1980, GB Papers has scrambled back to profits during the past year. In the six months to September 30 last year, it made pre-tax profits of £890,000.

But Mr Dick said that the company was vulnerable while it remained independent — particularly with a $50-a-tonne increase in pulp prices in the pipeline and a second increase being talked of later in the year.

He said: "An extremely good fit exists between the two companies and I am optimistic about the future." The group expects good export possibilities in the U.S. for its top grade writing paper, its coated papers like computer plotter and printing paper and sophisticated labelling paper.

James River, set up on the banks of the river in Richmond, Virginia, by Mr Brenton Halsey and Mr Bob Williams in 1969, is one of very few paper companies making profits out of this cyclical business.

Expansion has included a $420m purchase of paper businesses from American Can early in 1982, and the purchase of four paper mills from Diamond International—now controlled by Sir James Goldsmith—for about $170m last May.

Mr David McKilterick, chief financial officer of James River, said: "It was an interesting opportunity, and one we first discussed several years ago. Our aim will be to improve the business of GB, and to teach them how to make certain new products."

He insisted that James River had no plans to make further purchases in Europe or elsewhere overseas. Exports account for just £100m out of the present $2.3bn turnover.

Hanson lifts London Brick stake

BY RAY MAUGHAN

Hanson Trust moved into the market for the first time since its contested bid for London Brick opened and yesterday purchased some 4.25m shares in the fletton brick manufacturer to bring its aggregate stake up to about 14.5 per cent.

London Brick closed at 162p, up 11p on the day, against Hanson's cash offer price of 165p per share. The revised convertible loan stock offer has been pitched at 175p and carries a coupon which the bidder was certain had accounted for any forecast rise in London Brick's dividend payment this year.

Hanson had allowed for a doubling of London Brick's indicated dividends for 1983 by offering a 237 per cent improvement on last year's yield. The defence moved as expected by promising to increase dividends by 100 per cent to 8.26p net per share for 1984.

That means that, at the cash offer price, London Brick is yielding 7.15 per cent prospectively which, on London Brick's calculation of Hanson's cash terms, is 56 per cent higher than the average of the FT building materials index and 74 per cent better than the average yield of the FT Industrial Share Index.

Mr Jeremy Rowe, the chairman of London Brick, once again advised shareholders to take no action and to await his board's response to the new offer document from Hanson Trust.

Shares in Hanson responded to the disclosure of a second revision of its bid terms by falling 5p to 162½p.

Taddale and Prince of Wales come to terms

By Charles Batchelor

Taddale Investments, the industrial holding group, is making an agreed cash bid worth £8.75m for Prince of Wales Hotels (PW).

Agreement came only four days after PW rejected Taddale's first bid, worth £7.85m, as "unacceptable and totally inadequate." PW had also strongly attacked Taddale's ability to manage a hotel company.

Despite the strength of the initial rejection the two companies reached agreement on the bid after a weekend of negotiations, they said yesterday.

Taddale is offering 145p cash for every 25p PW share and allowing PW shareholders to retain the right to receive a final dividend of 2p net per share for 1983. It originally offered 130p per share.

Taddale is now intending to retain 70 per cent of the PW equity, compared with the 60 per cent target set in last week's offer. Taddale has signed a management agreement with Quality Inns of the U.S. which would give Quality an option over 10 per cent of PW's equity though Taddale's stake would not fall below 51 per cent.

A pre-condition of the Taddale takeover is that PW does not go ahead with planned acquisition of St Georges Hotel in London, nor with the linked one-for-two rights issue.

PW's shares rose 8p to 143p yesterday while Taddale was unchanged at 40p.

Record gold output cuts deficit at Northgate

BY GEORGE MILLING-STANLEY

RECORD gold production and the higher average price for the year helped Canada's Northgate Exploration to cut its loss for 1983 to C$9.88m (£5.6m), compared with a deficit of C$12.98m the previous year.

Lower interest rates, a reduced loss on currency translations and an increase in the contribution from associated companies also played a part in the improved performance.

Perhaps even more heartening from Northgate's point of view, the latest figures show a sharp reduction in the loss between the third and fourth quarters of last year. The net loss for the closing three months was C$2.81m, well down on the loss of C$6.23m for the third quarter.

The full year's gold production from the group's Copper Rand and Portage mines in the Chibougamau area of Quebec reached 61,500 ounces, the first time these mines have produced more than 60,000 oz in a year. This compares with 56,500 oz in 1982.

The mines also produced 25m pounds of copper, 1.4m lbs of zinc and 156,000 oz of silver, all well below the previous year's levels.

Not just a question of metal prices alone

WHEN YOU are a non-U.S. company selling your mine product in terms of U.S. dollars, there's nothing like a domestic currency devaluation to boost profits, as the copper producers in South America can testify to the chagrin of those in the northern part of that continent.

Benguet Corporation, one of the biggest gold and copper producers in the Philippines announces that following two devaluations of the currency there its net income more than tripled last year to Pesos 287.2m (£14.7m) from Pesos 88.2m in 1982.

Leo Gonzaga reports from Manila that earnings of the medium-sized Itogon-Suyoc Mines, a gold and silver producer, soared to Pesos 11m from Pesos 1.6m in 1982. Apart from the benefits of devaluation, both companies managed to offset low metal prices by increased output and better cost efficiency.

The moral of this story is that world metal prices alone are not the clue to a mining company's progress. Currency movements are largely unpredictable and, of course can cut both ways. But even when received metal prices are low, as at the present time, the so-called depressed markets still contain plenty of buyers if the price is right.

So the key to survival is the cutting of costs and increased productivity.

Oceanside takes 7.75% stake in Brockhouse

Oceanside Investments, an overseas holding company which represents various Arab interests in Saudi Arabia, revealed yesterday that it had acquired a 7.75 per cent stake in Brockhouse, the loss-making engineering, transport and building materials group.

The purchase comes at a time when Mr Swraj Paul's Caparo Industries is proposing to inject £5m into the company in exchange for new share capital which would give Caparo control of the company.

Acting for Oceanside is Mr Rashid Abdullah, chairman of Evered, the Midlands-based group which specialises in making non-ferrous strip for the electronics and communications industries. In October last year, Evered bought Hawkins and Tipson, the loss-making Sussex rope maker, for £3.8m.

Mr Abdullah insisted yesterday that the Oceanside stake was not linked in any way with Evered: "We are still digesting Hawkins and Tipson, and the group would not be in a position to mount any bid at present," he said.

While Mr Abdullah has always lived in the UK, his grandfather comes from Saudi Arabia, and it is these family contacts that have led him to manage a £25m portfolio for a group of Saudi Arabians. Mr Abdullah insisted the £600,000 stake in Brockhouse was "no more than an investment," and noted that Oceanside has "several other investments in the UK and overseas."

Mr Abdullah nevertheless felt that the deal with Caparo was one that he would oppose and that "many shareholders might come to regret." Mr Paul would get 20m shares at a par value of 25p apiece, and needs shareholder approval.

In recent weeks, supported by buying interest from Oceanside, Brockhouse's shares have remained well above the 25p a share level. They closed at 48p yesterday, up 1p on the day.

BIDS AND DEALS IN BRIEF

London Merchant Securities, property investment and development group, yesterday disclosed a 5.09 per cent interest (455,100 shares) in James Walker, the jewellery retailer currently in bid talks with H. Samuel.

Samuel announced on February 3 that talks had begun but Walker said it did not want to be absorbed by another company when its results were improving.

Samuel has a 13.3 per cent stake in Walker while Cecil Gee, the menswear retailer, holds 14 per cent.

Samuel's shares rose 5p to 160p yesterday while Walker increased 12p to 160p.

* * *

Equity Capital for Industry, the investment group representing about 350 City institutions, has sold 3.1m shares of UBM group the builders' merchants, equal to 5.3 per cent of the equity.

This is just over half of ECI's holding in UBM, which is now reduced to 4.9 per cent. UBM received a takeover bid from Norcros last year but the offer lapsed in October. UBM's shares were unchanged at 139p yesterday.

* * *

Eastern Produce's unochrome industries sub-group has acquired Fescol a subsidiary of the Furness Withy group, for £711,349.

With Fescol plants in the Midlands, Yorkshire and Scotland, the acquisition broadens the geographical and technological base of the nickel and hardchrome plating facilities available to industry from the group's metal-finishing company, Unochrome of Birmingham.

* * *

Agreement has been reached for MME Facilities to acquire Ewart and Co (Studio) for £3.5m. The consideration is to be satisfied by 800,000 MME shares, with the balance in either cash or convertible loan stock.

Ewart, which the company says is the major independently-owned television studio operation in the UK, turned in profits of £425,000 for the year ended August 31, 1983, before depreciation of £225,000.

* * *

Thermal Scientific has acquired Lenton Thermal Designs, a Market Harborough based manufacturer of electric laboratory furnaces and related equipment.

The recent success of Lenton has been principally in the fast heating 1400/1600 deg C sector which has attractive prospects for growth both in the UK and overseas.

Purchase consideration is £36,156, to be satisfied by the issue of 21,599 25p Ordinary shares in Thermal, plus a cash balance of £13,600.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:— Robert M. Douglas, Reliance Industrial, W. H. Smith, TR City of London Trust, Joseph Webb, H. Young.

Finals:— Birmid Qualcast, Copenhagen Handelsbanken, Crest Nicholson, General Consolidated Investment Trust, London and Lomond Investment Trust, Management Agency and Music, Reed Executive, Securicor, Security Services.

FUTURE DATES

Interims:—

Abingworth .... Feb 22
Bogod-Pelepah .... Feb 16
Brelma (T. F. and J. H.) .... Feb 23
Compco .... Feb 24
Industrial Finance Invest. Cpn. .... Feb 29

Finals:—

Al Industrial Products .... Feb 22
BSR International .... Mar 1
Jones (Ernest) (Jewellers) .... Feb 21
Rentokil .... Mar 20

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HARDYS & HANSONS P.L.C.

Highlights from the Accounts and Chairman's Statement

Results	Year to 30 September	1983	1982
		£000	£000
Turnover		16,469	15,913
Profit before tax		2,657	2,678
Dividends		682	657
– per ordinary share		13.5p	13.0p
Earnings per ordinary share		25.40p	25.94p

- Despite difficult trading conditions, pre-tax profit down by less than 1%.
- Price of our products kept very competitive.
- Expenditure on replacing old bottling plant not justified by declining national sales of bottled beers; Company's beers now bottled under contract.
- Employees' Share Scheme introduced.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

MORGAN COMMUNICATIONS PLC

Incorporated in England under the Companies Acts 1948-1981
Registered No. 1622542

SHARE CAPITAL

Authorised £	No. of shares		Issued and to be issued fully paid £	No. of shares
475,000	9,500,000	Ordinary Shares of 5p each	358,750	7,175,000

Placing by
de Zoete & Bevan
of 1,015,000 Ordinary Shares of 5p each
at 60p per share

Morgan Communications PLC publishes and distributes free weekly newspapers in selected localities

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the entire issued share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. A proportion of the shares being placed are available to the public through the market.

Particulars of the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 1st March, 1984 from:

de Zoete & Bevan
25 Finsbury Circus
London EC2M 7EE

FLEET HOLDINGS P.L.C.

Interim Report for the six months ended 31 December 1983

The Directors of Fleet Holdings P.L.C. announce the unaudited results for the six months ended 31 December 1983 based on historical costs.

	Six months ended 31 December 1983 £000	Six months ended 31 December 1982 £000	Year ended 30 June 1983 £000
Turnover			
National newspapers	120,944	112,694	229,352
Regional newspapers	2,891	2,662	5,469
Magazine publishing	32,005	27,465	62,194
Other activities	1,926	909	3,369
	157,766	143,730	300,384
Operating profit before interest and taxation			
National newspapers	2,186	890	2,884
Regional newspapers	164	201	406
Magazine publishing	2,843	1,541	5,763
Other activities	612	683	1,070
	5,805	3,315	10,123
Income from related companies	51	67	29
Income from other fixed asset investments	667	21	1,129
Profit from ordinary activities before interest and taxation	6,523	3,403	11,281
Other interest receivable and similar income	121	43	98
Interest payable on Convertible Unsecured Loan Stock 1997	(147)	(600)	(1,200)
Other interest payable and similar charges	(110)	(373)	(651)
Profit from ordinary activities before taxation	6,387	2,473	9,528
Taxation	(1,500)	(63)	(709)
Profit from ordinary activities after taxation	4,887	2,410	8,819
Extraordinary items	—	(205)	2,438
Profit for the period attributable to shareholders	4,887	2,205	11,257
Dividends	(1,477)	(452)	(1,355)
Profit retained for the period	3,410	1,753	9,902
Earnings per ordinary share			
Before extraordinary items	5.79p	4.00p	14.64p
After extraordinary items	5.79p	3.66p	18.69p

Notes to the Financial Statement

1. The figures for the year ended 30 June 1983 are an abridged statement from the group accounts as at that date. Those accounts have been delivered to the Registrar of Companies and contain an unqualified auditors' report.
2. The taxation charge for the six months ended 31 December 1983 is based on the rate expected to be payable on the profits for the full year and takes account of the availability of capital allowances.

The Results

The group made a profit from ordinary activities before taxation of £6.4million for the six months ended 31 December 1983, compared with £2.5million for the comparable six months period a year previously. All sectors of the group, except for regional newspapers, contributed to this substantially improved performance.

Reuters

Since the group's 1983 Annual Report the board of Reuters Limited has announced its intention of seeking a public flotation for its shares. It is understood that good progress is being made towards achieving the flotation during the next six months. The financial effect upon the group cannot yet be calculated except to say that if the flotation takes place the net asset value of the group will increase very substantially.

An interim dividend from Reuters of £560,000 (1982 nil) is included in the group's results for the six months under review.

Dividend

The Directors have declared an interim dividend for the year ending 30 June 1984 of 1.75p per share (1983 0.75p per share on the issued share capital before the July 1983 rights issue) payable on 6 April 1984 to the shareholders whose names are on the register of members on 8 March 1984.

The Directors will continue their policy of increasing the rate of dividend consistent with profit growth. The relationship between the interim and final dividends which applied in the year ended 30 June 1983 will not necessarily be adopted in the future.

Conclusions

The group's results for the period under review were achieved in what is normally the weaker half of the financial year. Although our market places continue to be highly competitive, those results encourage us to hope for further improvement.

Matthews
Chairman

London
14 February 1984

UK COMPANY NEWS

Fleet profits more than doubled to £6.4m

MUCH higher contributions from national newspapers and magazine publishing has pushed taxable profits of Fleet Holdings to £6.39m for the six months ended December 31 1983, compared with £2.47m.

The interim dividend is boosted from 0.75p to 1.75p net per share—last year's final was 1.5p—and directors say they will continue their policy of increasing the rate of dividend consistent with profit growth.

Turnover of this group, publications of which include the Daily and Sunday Express, and Daily Star, expanded by £14.04m to £157.77m.

For the 12 months ended June 30, 1983 the group turned in profits of £9.53m, on turnover of £300.38m. The directors then said that the group had minimal borrowing and a firm financial base on which to grow, and they looked forward to a period of enhanced activity and progress.

Lord Matthews, the chairman, says that results for the first half were achieved in what is normally the weaker half of the year, and although the group's market places continue to be highly competitive, "those results encourage us to hope for further improvement."

On February 1 Mr Robert Holmes a Court's Associated Communications Corporation (ACC) increased its stake in Fleet to 9.08 per cent, a total of 7.66m shares, worth some £13.5m. There was some speculation that ACC might launch a full takeover bid for Fleet, and Lord Matthews said that a bid from Mr Holmes a Court would be resisted.

A divisional split of turnover and operating profits, £5.81m (£3.32m), shows: national newspapers £120.94m (£112.69m) and £2.19m (£390,000); regional newspapers £2.89m (£2.66m) and £164,000 (£201,000); magazine publishing £32m (£27.47m) and £2.84m (£1.54m); other activities £1.93m (£909,000) and £612,000 (£683,000).

Lord Matthews says the contribution from national newspapers continued the improving trend which emerged during the 1982/83 year despite strong competition and the effects of three days' stoppage because of industrial action by the NGA last November.

"The profit margin on turnover, however, is still too low and much remains to be done to raise it to an acceptable level," the chairman states.

The regional newspapers experienced difficult trading conditions and overall profits were disappointing, Lord Matthews says. Results from the magazine sector, however, were excellent. He says it reflected not only the strength of most of the UK titles, but also the much improved figures emerging from the business in the U.S.

Commenting on the intended flotation of Reuters within the next six months, Lord Matthews says that the financial effect on Fleet cannot yet be calculated "except to say that if the flotation takes place the net asset value of the group will increase very substantially."

An interim dividend from Reuters of £560,000 (nil) is included in the group's interim results.

Group pre-tax figure included income from related companies of £51,000 (£67,000), income from other fixed asset investments, £667,000 (£21,000), other interest receivable and similar income, £121,000 (£43,000), but was after total interest payable and similar charges of £257,000 (£973,000).

Tax charge for the six months was much higher at £1.5m, against £63,000, and after an extraordinary debit, last time, of £205,000, the attributable balance came through ahead from £2.21m to £4.89m.

Dividends will absorb £1.48m (£452,000) leaving a retained figure of £3.41m, compared with £1.75m. Earnings per 20p share were 5.79p against 3.66p, after extraordinary items.

See Lex

Lord Matthews, chairman of Fleet Holdings

Peerless advances to £0.85m at halfway

BETTER PERFORMANCES across the whole spectrum of its activities enabled Peerless, the plastics, electronics, metals and domestic engineering group, to raise pre-tax profits from £605,000 to £849,000 in the six months to September 30, 1983. Turnover rose by £3.92m to £20.59m.

In spite of continuing difficult conditions, the group's companies are trading at a high level and the directors are expecting second-half figures to be higher than those now reported.

In th last full year to March 31, 1983, group pre-tax profits rose marginally from £1.47m to £1.51m, on turnover of £36.74m (£30.98m).

The net interim dividend is maintained at 2.1p per 25p share—last year's total was 6.3p.

The tax charge was £90,000 lower at £190,000 and earnings per share were 5.1p (2.5p) before extraordinary debits of £161,000 (£30,000) and 3.9p (2.3p) after.

● **comment**

The effects of recession and the disastrous excursion into the retail end of the fitted kitchens market has been a sobering experience for Peerless, coming as it did so soon after all the euphoria of coming to the market in mid-1980. The company is still not yet completely out of the woods but the latest first-half results suggest that the enforced rationalisation on the back of an improving market place is having the necessary remedial effect. Certainly the statement on the second half is encouraging, given that there are still several blackspots among the wide spread of activities. Notably, aluminium die-casting is still a loss leader on the metal bashing side, as is the non-destructive testing arm of the electronics division. Elsewhere, the foam moulding company which Peerless set up as a green-field operation is at last showing positive returns. On the basis of the continuing recovery Peerless should turn in around £2m this year, giving a fully-taxed prospective p/e of 13.4. Having regard to the shallow coffers of the past few years, a high priority will no doubt be to retain as much earnings as possible—if only to nurse down the near £7m overdraft. If the dividend is maintained, the yield is a solid 9 per cent.

Higgs and Hill calls for £6m and plans 22% dividend boost

BY WILLIAM DAWKINS

Higgs and Hill, international construction and property group, is to raise about £5.8m net of expenses via a one-for-four rights issue.

The group is issuing 2.24m new 25p ordinary shares at 275p each, and forecasts that pre-tax profits for the year to December 1983 will have risen 30 per cent to approximately £6m.

In the light of the estimated results, the board expects to recommend a final dividend of 7p net on the existing equity, which will bring the full-year payout to 11p, an increase of 22 per cent over 1982. The new shares will not be entitled to dividends until the 1983-84 financial year, but the directors expect at least to maintain the level of dividend on the enlarged share capital in the current year.

Mr Brian Hill, chairman, says the cash will be used to finance the group's expansion in housebuilding and property development. The group may also acquire companies in related fields, although no specific acquisition plans have been disclosed.

"As a result of the rights issue, the group will be able to pursue such opportunities both in this country and overseas from a position of greater financial strength," said the company yesterday.

J. Henry Schroder Wagg is underwriting the issue and the brokers are Rowe & Pitman. The new shares will be offered to shareholders registered on February 3, and allotment letters will be posted on Thursday.

Dealings in the new equity are expected to commence the next day, and the offer is open for acceptance until March 9.

● **comment**

The timing of Higgs and Hill's rights issue is hard to fault. Since last October's impressive set of interim figures, the shares have been rising steadily, so that yesterday they stood 10p short of their all-time high at 332p, down 3p. The group's forecast of a 30 per cent increase in full-year profits was right in the middle of what the City had been expecting, however the optimism implied in the directors declared intention to maintain the dividend on the enlarged capital sent analysts revising their forecasts for 1983-84 upwards to around £7.5m pre-tax, a 25 per cent increase on the year just ended. Last year's difficult trading conditions in France, which contributed to a more than doubling in bank borrowings to £6.7m or 28 per cent of shareholders' funds have since eased. Debt has slipped back to £4.3m as a result, so it does not look as if the balance sheet will significantly burden the group's expansion plans. At yesterday's price, the shares yield 4.8 per cent.

Morgan Comm. for USM

Morgan Communications, which publishes and distributes free weekly newspapers, is coming to the Unlisted Securities Market by way of a placing of just over 1m shares at 60p per share giving a market value of £4.3m.

The directors will realise around £500,000 from the placing and the company will raise £61,500.

The group has shown steadily increasing turnover and profits during the past five years. It made pre-tax profits of £227,000 in the year to March on turnover of £2.84m, and comes to the market with a profits forecast of not less than £460,000 for the year to March 1984.

The fully-taxed prospective PE at the 60p per share placing price is 19.5. The yield would be 4.4 per cent based on a 1.86p net dividend which the board forecasts would have been paid if the company had been quoted for a full year.

Brokers to the issue are de Zoete & Bevan and dealings are expected to begin on February 20.

GrandMet lifts first quarter sales £218m

A £218.1m increase to £1.3bn in first quarter sales is reported by Grand Metropolitan, the brewing, hotels and leisure group.

Also, the group reports that in the three months to December 31 1983 net earnings from GrandMet USA, Inc. and consolidated subsidiaries rose from $17.89m to $30.06m (£21.2m).

The rise in income was achieved on higher sales of $419.08m compared with $282.52m. Operating income was $53.64m ($37.96m) to which interest income added $11.37m ($4.75m). Interest expenses totalled $4.44m ($4.22m) and corporate expenses were $3.7m ($3.52m). Other income added $566,000 ($1.16m). Provision for income taxes was $27.37m ($17.94m).

The figures have been adjusted to exclude any contribution from the U.S. wines and spirits operations.

It is hoped that group results for the six months to March 31 can be announced on or about May 15.

Bio-Isolates £0.2m loss but sees U.S. expansion

Bio-Isolates, the Carmarthen-based company which extracts protein from whey — the waste produced from cheese-making — reports a loss of £234,000 for the year ending September 1983.

Turnover was £102,000. There is no dividend and the loss per share was 3p, against 0.8p in the previous year when losses were £62,963 on turnover of £6,575.

Interest in Bipro, the group's main product, is growing quickly overseas, especially in the U.S., where Bio-Isolates has reached an informal understanding with certain companies to set up a joint venture for the production and sale of protein concentrate in bulk quantities.

Negotiations with the potential U.S. partners are in the final stages, and the group expects to announce a formal agreement in the near future. If the deal goes ahead, a new plant will be installed in the U.S. Mid West by the end of this year.

● **comment**

Bio-Isolates has spent £450,000 in the past year on developing its new protein concentrate plant in Mitchelstown, Ireland, so it looks as if the Carmarthen plant in Wales made something over £200,000, its first profit. Demand from specialist food processing companies has been strong, but until now the group has been unable to supply them because of the small size of the Welsh factory. The bulk of its sales have been to health food shops. But when Mitchelstown comes on stream next month, it will add 300 tonnes a year to present capacity of 48 tonnes. Bio-Isolates expects to sell 300 tonnes of protein in the current year, which at £4,000 a tonne, implies a turnover of £1.2m. The joint venture, now being finalised on the U.S. mid-west, will cost Bio-Isolates more than $1.25m to develop and should lift capacity to not far short of 1,000 tonnes by 1984-85. Demand for Bipro at the moment is mainly confined to vegetarians, sportsmen, health food addicts and invalids, but the group expects the market to widen considerably. The announcement came after the close of trading, but the shares slipped 2p to 113p.

Hampson lifts interim as halftime profits surge

DOUBLE profits are reported by Hampson Industries for the six months ended September 30 1983, and chairman Mr John Wardle has every hope that the figure is not "a flash in the pan."

For the period the profit before tax moved ahead from £196,000 to £409,000. The chairman is "entirely confident" that the second half will follow the pattern of recent years and show further improvement, and he faces the future with "considerable confidence."

Earnings rose from 0.44p to 0.91p and the interim dividend is lifted from 0.25p to 0.3p net per share. Mr Wardle says there might have been a case for a greater increase; but the directors feel it preferable for shareholders to be able to look forward both to a resumption of scrip issues at the annual meeting, and in a progressive dividend policy for the future.

Turnover of the group, which is engaged in engineering, manufacturing, industrial cleaning and maintenance, grew by £2.5m to £9.14m. After tax £212,680 (£101,920) the net profit came out at £196,320 (£94,080). For the year ended March 31 1983 the pre-tax profit was £531,660 and the dividend total 0.75p.

Ariel Inds. shows £50,000 midway loss

The Operating profit of Ariel Industries rose to £55,000 for the six months to September 30 1983, compared with £15,000. But, after considerably higher interest charges of £106,000, against £62,000, the halfway loss before tax increased from £46,000 to £50,000.

The directors of this holding company, with interests in light engineering products including industrial fasteners, say that the established subsidiaries continued to trade profitably. All earnings go towards diversification and, consequently, there is no interim dividend. Both payments were passed last year.

Turmoil in the Middle East, add the directors, has delayed some contracts. As a result, they forecast a small loss in the second half. There was a pre-tax profit of £28,952 for the previous full year.

Turnover for the first half was £4.25m (£4.43m). The loss per 25p share was unchanged at 0.8p.

Morceau seeks full listing

Morceau Holdings, a specialist subcontractor for the supply and installation of passive fire protection systems for commercial use, is seeking a full listing for its shares on the Stock Exchange.

Charterhouse Japhet has placed 2.7m shares, 26.3 per cent of the equity, at 110p a share giving a market capitalisation of £11.3m at the placing price.

The company says it is a market leader in the application of fire protection materials principally to steel structures.

Commercial contracts include Terminal 4, Heathrow and the new Lloyds of London building in the City. Morceau also serves the oil and gas industry. It provided the fire protection of the Sullom Voe oil terminal and the Stratfjord "B" platform. It has secured the contract for the Hongkong and Shanghai Banking Corporation and expects to expand business in Hong Kong.

The company is forecasting pre-tax profits of not less than £1.2m in the year to September 1984, compared with £901,000, which puts the shares at placing price on a 25 per cent actual tax PE of 12.5.

The prospective annual net dividend per share is 2.7p which at the placing price gives a yield of 3.5 per cent.

Brokers to the issue are James Capel. Dealings are expected to commence on February 20.

● **comment**

Morceau Holdings appear to have overcome the limited spread of products and customers which led to a profits downturn in 1981 caused by a sharp decline in the construction industry and a delay in a large oil contract. In 1983, turnover was spread approximately £5m for commercial and other building contracts and £1m for oil and gas installations. The oil business is expected to increase when the next round of North Sea drilling gets under way. The Hong Kong contract, estimated to be worth £6.5m, has proved to be a boost to Far East businesses where Morceau has tenders out for over £2m worth of contracts. Margins have steadily increased to a level of around 15 per cent across the board. No new money is being raised. Directors and families will retain 48.8 per cent of the share capital after the placing and Charterhouse Development Capital a further 10.2 per cent.

Yorkshire Bank rises to £37m

The Leeds-based Yorkshire Bank, which is owned by four of the major clearers, reports an 8.5 per cent rise in pre-tax profits for 1983 to £36.6m. This compares with an increase of 44 per cent in the previous year.

Total assets grew by 24.5 per cent to £1.33bn while capital and reserves increased by 28.8 per cent to £162.6m.

Customers deposits and other accounts rose by 24 per cent to £1.14bn while total advances increased by 24.5 per cent to £930m.

Despite the substantial growth in lending, lower interest rates restricted income from advances to a rise of 9.3 per cent, Mr Graham Sutherland, general manager, said yesterday. Total advances also continued to grow faster than retail deposits so that the bank had to raise significant deposits on the wholesale market.

Wholesale funds accounted for an average 17.8 per cent of total deposits over the last year compared with only 4.4 per cent in 1982, the first year that the bank had to turn to the money markets to supplement funds. Mr Sutherland said that the slackening in the level of deposits was most noticeable on the interest-bearing side—where the banks face stiff competition from building societies.

Yorkshire's interest bearing deposits, which account for some 50 per cent of total deposits, showed a rise of only 2.4 per cent, he said, which was no less than the rate of inflation."

As one of the few banks which offers free banking, Yorkshire was, however, again able to show a substantial increase in current account balances of 20.6 per cent. The number of current accounts increased by 58 per cent during the year

Of these some 15 per cent were transfers from other banks and financial institutions, while as many as 60 per cent were entirely new accounts, the remainder representing accounts opened by Yorkshire's existing depot or savings account holders.

While Yorkshire welcomed the continuing growth of new current accounts, which are now being opened at the rate of 18,000-20,000 a month, Mr Sutherland warned that this was also putting pressure on staff and costs. But he stressed that the bank was still making a profit on its current accounts which are not "cross subsidised" by any of the bank's other activities.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Kidney Trust		2.75	—	—	2.75	—
Deborah Services	int.	1.21	March 16	1.21	—	4.24
Fleet Hldgs.	int.	1.75	April 6	0.75	—	2.25
General Funds		6.25	April 11	5.75	9	8.25
Hampson Inds.	int.	0.3	March 14	0.25	—	0.75
Meldrum Trust		2.6	—	2.4	4	3.75
Peerless	int.	2.1	—	2.1	—	6.3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

FINANCIAL TIMES

Wednesday February 15 1984

Turbulent times for Costa Rica banana plantations, Page 34

WALL STREET

Sales data renew faith in upturn

THE MOST confident tone for some weeks was seen as Wall Street returned to full operation yesterday after the semi-holiday for Lincoln's birthday which had closed banks, bond and money markets, *writes Terry Byland in New York.*

The stock market showed signs of settling into the new trading range. Leading stocks moved higher around midsession with rail issues recovering some of their recent losses.

The Dow Jones industrial average closed 13.71 up at 1,163.84.

In contrast, the bond market opened sharply lower on the announcement by the Commerce Department that retail sales rose strongly last month. A gain of 2.2 per cent in the sales total reawakened fears in the bond market that inflation would force interest rates higher by mid-year. Bond prices rallied quickly but still showed falls of around ¼.

The advance in the stock market was checked at mid-morning by rumours – swiftly and firmly denied by the White House – that President Ronald Reagan bad suffered a heart attack.

Stock prices soon resumed their upward trend, with the market beartened that higher prices did not bring out renewed selling. Turnover compared favourably with recent levels.

The Commerce Department announcement helped restore faith in the continuing strength of the U.S. economic upturn, upset last month when the Department confounded the market by announcing only a minute gain in December's retail sales.

The major institutions were buying some leading stocks yesterday. IBM at $109⅝ gained $¾, while renewed consideration of the record results lifted Ford Motor $⅝ to $37⅞.

Other firm issues included Chrysler, $⅛ up at $28⅝; General Motors, $½ higher at $69⅝; and General Electric, $⅝ higher at $52⅞.

A rise of several points in the Dow transportation average reflected gains in rail issues after Mr Richard Fischer, analyst at Merrill Lynch, had upgraded his views of the sector. He suggested that current price earnings ratios of 8 to 11 on the major rail issues reflect overselling over the past fortnight.

Burlington Northern rose $⅞ to $86⅝, with CSX adding a similar amount to $22½. Other rail issues to move up were Santa Fe-Southern Pacific, $⅝ better at $22⅛, and Norfolk Southern, $¼ up at $56⅛.

Clearance by the FTC for Texaco's takeover of Getty Oil was seen as a green light for similar moves in the domestic oil industry. Gulf Oil jumped $3½ to $57¼ although Mr Robert Anderson, Atlantic Richfield's chairman, denied that it bad made a bid said to value Gulf at $11.6bn – potentially Wall Street's biggest bid number to date.

At the other end of the scale, Houston Natural Gas plunged $9⅝ to $43⅛ in heavy turnover as the disappointed arbitrageurs swallowed the bitter pill of the abandonment by both Houston and Coastal of their takeover struggle.

The AT&T stocks continued to lead the actives list, the new down $⅛ at $16½ and the old up $¼ at $63⅞.

Airline issues were still weak, although Pan American at $7⅞ added $⅛ as investors pondered the prospects for a continuation of the current heavy passenger traffic on international routes.

Eastman Kodak managed to restore $⅛ of its recent fall to stand at $68⅛ as the market assessed its trading results. In a quiet chemicals sector, Union Carbide edged up by $⅛ to $55.

But there were further casualties. Warner Communications, still waiting for a move from Mr Rupert Murdoch, slipped $1⅛ to $26⅛.

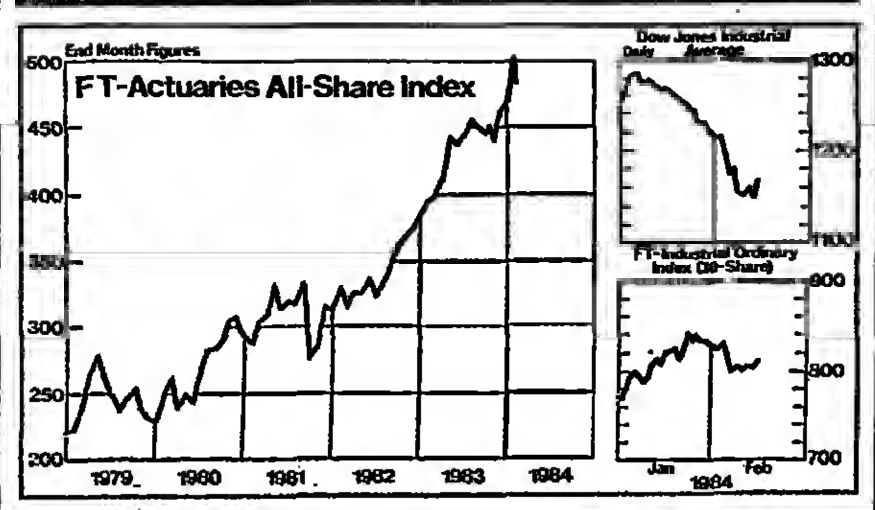
The bond market, after rallying from its early fall, began to weaken as the session progressed. The rally was put down to professional short-covering by traders who sold stock after last week's auction of 30-year bonds, which disclosed lack of investor demand.

Bond prices are drifting down towards "sell" levels on the analysts' charts. An extra reason for concern was a fresh fall in bond futures on the Chicago Exchange – where the March contract, already weak on Monday, fell ¹⁄₃₂ to 69²⁹⁄₃₂ at one time before rallying on short-covering.

The 2013 long bond dipped by ⁵⁄₃₂ to 100 ¹⁹⁄₃₂, to yield 11.95 per cent, a gain of seven basis points since the auction.

Rates also moved higher at the short end where three-month Treasury discounts added five basis points to 9.09 per cent, and the six-month six basis points to 9.20 per cent after the Federal Reserve announced the purchase of $250m of bills on its customer account.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 14	Previous	Year ago
DJ Industrials	1163.84	1150.13	1097.10
DJ Transport	514.07	507.81	480.94
DJ Utilities	125.53	125.63	124.08
S&P Composite	155.64*	155.17	148.92
LONDON			
FT Ind Ord	812.10	803.00	661.90
FT-A All-share	485.66	482.65	412.91
FT-A 500	519.40	515.74	447.80
FT-A Ind	474.96	470.88	420.76
FT Gold mines	577.70	589.90	734.70
FT Govt secs	82.72	82.60	79.76
TOKYO			
Nikkei-Dow	9830.47	9963.16	8132.02
Tokyo SE	762.28	774.07	590.55
AUSTRALIA			
All Ord.	739.10	736.60	512.90
Metals & Mins.	511.40	512.40	465.70
AUSTRIA			
Credit Aktien	55.67	55.48	48.74
BELGIUM			
Belgian SE	141.87	141.61	106.01
CANADA			
Toronto Composite	2372.85*	2377.80	2136.90
Montreal Industrials	414.80*	415.44	363.24
Combined	400.65*	400.82	350.56
DENMARK			
Copenhagen SE	n/a	209.66	106.26
FRANCE			
CAC Gen	163.80	166.20	105.40
Ind. Tendance	105.20	107.30	109.60
WEST GERMANY			
FAZ-Aktien	349.62	352.37	259.38
Commerzbank	1029.50	1039.30	779.10
HONG KONG			
Hang Seng	1088.34	1062.36	931.40
ITALY			
Banca Comm.	215.48	219.79	200.61
NETHERLANDS			
ANP-CBS Gen	157.20	159.40	109.80
ANP-CBS Ind	129.40	131.90*	95.50
NORWAY			
Oslo SE	235.98	240.18	139.02
SINGAPORE			
Straits Times	1053.07	1063.44	798.60
SOUTH AFRICA			
Golds	872.80	886.60	987.90
Industrials	967.40	971.30	836.10
SPAIN			
Madrid SE	113.38	111.89	103.42
SWEDEN			
J & P	1570.39	1580.33	1138.88
SWITZERLAND			
Swiss Bank Ind	365.20	366.00	305.80
WORLD	Feb 13	Prev	Year ago
Capital Int'l	178.20	178.90	161.30

GOLD (per ounce)

	Feb 14	Prev
London	$379.75	$377.25
Frankfurt	$377.25	$378.75
Zürich	$384.25	$376.75
Paris (fixing)	$374.70	$377.78
Luxembourg (fixing)	$375.00	$377.60
New York (Feb)	$383.50	$377.20

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Feb 14	Previous	Feb 14	Previous
$	–	–	1.4235	1.4180
DM	2.7330	2.7375	3.8925	3.8850
Yen	234.25	234.35	333.75	332.50
FFr	8.4350	8.4200	12.50	11.9400
SwFr	2.2290	2.2375	3.1750	3.1750
Guilder	3.0825	3.0865	4.39	4.3800
Lira	1684.75	1685.00	2398.00	2389.00
BFr	56.11	56.06	79.85	79.50
C$	1.24725	1.24725	1.7760	1.7685

INTEREST RATES

	Feb 14	Prev
Euro-currencies (3-month offered rate)		
£	9⅞	9⅝
SwFr	3¼	3⅞
DM	5⅞	5⅞
FFr	15⅞	15⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	10
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	9⅝*	9½
U.S. 3-month CDs	9.60*	9.50
U.S. 3-month T-bills	9.05*	9.03

U.S BONDS

Treasury	Feb 14* Price	Yield	Prev Price	Yield
10% 1986	99 29/32	10.73	99 31/32	10.71
11⅞ 1991	99 29/32	11.75	100 4/32	11.73
11.75 1993	99 1/32	11.84	99 26/32	11.80
12 2013	100 19/32	11.93	100 16/32	11.93
Corporate	**Feb 14**		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	93⅞	11.80	94⅛	11.70
3⅞ July 1990	68⅛	10.75	68⅛	10.75
8⅝ May 2000	75⅛	12.30	75⅛	12.20
Xerox				
10⅞ March 1993	92⅛	12.05	92⅛	11.95
Diamond Shamrock				
10⅞ May 1993	91⅞	12.20	91⅞	12.15
Federated Dept Stores				
10⅞ May 2013	86⅛	12.35	87⅛	12.20
Abbot Lab				
11.80 Feb 2013	95⅛	12.35	96⅛	12.20
Alcoa				
12½ Dec 2012	95.413	12.85	96⅞	12.96

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	69–29	70–02	69–19	69–23
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.91	90.94	90.86	90.90
Certificates of Deposit (IMM) $1m points of 100%				
March	90.31	90.33	90.25	90.34
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.14	90.15	90.08	90.15
20-year Notional Gilt £50,000 32nds of 100%				
March	108–24	108–26	108–09	108–13

COMMODITIES

(London)	Feb. 14	Prev
Silver (spot fixing)	609.85p	613.45p
Copper (cash)	£996.50	£983.00
Coffee (March)	£2096.50	£2124.00
Oil (spot Arabian light)	$28.42	$28.42

LONDON

New-found optimism takes hold

NEW-FOUND optimism spread slowly but steadily through London equity markets yesterday, due partly to domestic speculative activity and Wall Street's early strength. The FT Industrial Ordinary index rose 9.1 to 812.1.

A brisk turnover developed in Hanson Trust, down 5p at 162½p, after its final 165p cash offer for London Brick, 11p higher at 162p. Elsewhere, institutional interest sparked a technical recovery in leading electricals.

Long gilts showed gains of ⅛ or more.

The new FTSE 100-share index closed 8.7 up at the day's high of 1,037.

Details, Page 29; Share Information Service, Pages 30–31.

AUSTRALIA

INITIAL weakness in Sydney was reversed yesterday with stocks finishing mixed and the All Ordinaries index 1.0 higher at 739.6.

Leading metal issues led the revival, while later selling saw industrials outpace resource stocks.

CRA gained 4 cents to A$5.46 but BHP finished unchanged at A$13.40. Hooker Corporation edged 1 cent higher at A$1.65 over a possible bid from Bond Corporation, which fell 2 cents to A$1.58, and Lend Lease, ended 5 cents off at A$4.745.

Retailers were weaker but food stocks firmed after protracted weakness.

SINGAPORE

AN ELEMENT of uncertainty about price movements was seen in Singapore due to the sluggishness of the market and the Straits Times industrial index shed 10.37 to 1,053.07.

Incbcape, which announced it bad paid U.S. $8m for a plywood and manufacturing company, managed a 1 cent rise to S$2.91.

Elsewhere, declines outnumbered advances by more than 3 to 1. Among actives, Sime Darby and Faber Merlin each shed 3 cents to S$2.77 and S$1.82 respectively.

SOUTH AFRICA

A FURTHER easing in the bullion price left shares at or near their lows for the day in Johannesburg, with the trend spilling over to most other sectors.

Among heavyweight producers, Hartebeest shed R2 to R89. In mining financials, Anglo-American slipped 40 cents to R21.60, while De Beers lost 17 cents to R9.95.

Against the trend, Impala Platinum rose 25 cents to R18.70 following interim results.

Industrials were mixed to easier.

CANADA

AFTER a weaker opening, shares continued to ease in Toronto with declines outnumbering advances by a ratio of about seven to five.

The easier trend was led by the gold sector while base metals and oils failed to bold on to modest early gains.

Montreal also moved marginally lower overall. Papers and industrials were higher, however, but banks and utilities recorded losses.

EUROPE

Uncertainty dissipates uniformity

SOME of the recent uniformity in European bourse movemeots dissipated yesterday as investors appeared uocertain bow to weigb the significance of Wall Street's overnigbt decline.

The most pessimistic view emerged in Frankfurt with the Commerzbank index down 9.8 to 1,029.5 as most leading shares were marked lower in an attempt to stimulate investor interest.

Deutsche Bank slipped DM 4 to DM 372 with Dresdner holding its loss to 10 pfg at DM 174.90. BHF, trading ex-rights, fell DM 18 to DM 283.50. It is offeriog a one-for-seven rights issue at DM 190, with rigbts at DM 12.

Amoog leading names to suffer were Linde in engineering, DM 8 off at DM 382, Bayer in chemicals with a DM 2.90 drop to DM 167, VW in motors DM 2.90 down at DM 211.10, and AEG in electricals, which sustained an 80 pfg slip to DM 107.50. In stores, Kaufhof fell DM 5 to DM 246 and Karstadt DM 3 to DM 256.

Boods cootinued trendless while the Bundesbank sold DM 25.3m in paper.

Gloom also emerged in Paris with the CAC Génèrale index 2.4 down at 163.6 and most shares lower.

Valeo, despite a forecast rise in profit for 1983, fell FFr 16 to FFr 279, and Moulinex's 7 per ceot rise in consolidated sales was accompanied by a FFr 1.80 drop to FFr 95.2. Amid lower profits, Génèrale Occidentale declined FFr 9 to FFr 619.

In constructions, Dumez was trimmed by FFr 32 to FFr 615, but Poilet added FFr 7 to FFr 330, while in foods BSN retreated FFr 30 to FFr 2,505 and Carrefour's loss for the day amounted to FFr 54 at FFr 1,495.

Bearisb undertooes were felt in Amsterdam but losses were largely contained to manageable levels. The ANP-CBS index midday calculation of 157.2, down 2.2, did not reflect a later rally as U.S. buyers entered the market following news of higher U.S. retail sales for January.

In internationals, Akzo finished Fl 1.90 down at Fl 103.20 while Unilever was unchanged at Fl 246.

Hoogovens firmed 40 cents to Fl 48.10 after forecasts of a return to profitability this year and Nat-Ned slipped Fl 2.50 to Fl 216 following its intention to proceed with the Amfas bid.

Bonds were steady.

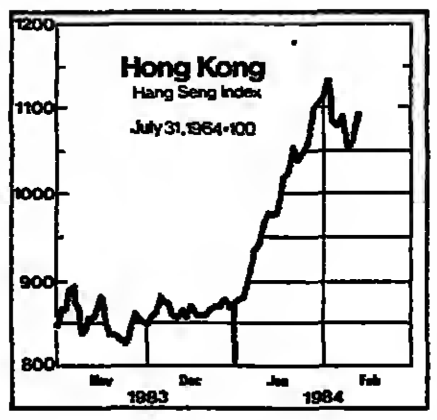
A depressed banking sector clouded Zurich with Swiss Volksbank sbedding a further SwFr 30 to SwFr 1,460 after its disappointing dividend increase. Bank Leu, bowever, added SwFr 40 to SwFr 4,490.

Some leading industrials were marked down, while chemicals were largely unchanged. Bonds eoded moderately lower.

Concern over a possible impasse in wage talks unnerved Milan with leading industrials hardest bit. Fiat lost L80 to L3,960, Montedison L8.2 to L213 and Olivetti L24 to L4,090. Italcementi shed L1,300 to L47,000. In banks, Banca Commerciale closed at L36,500, a drop of L600.

Sentiment was coloured by today's monthly settlement.

Shares in Brussels were mixed in sluggisb trading while Madrid moved against the trend with a strong performance.



HONG KONG

Expectations of rate cut provide spur

EXPECTATIONS that Hong Kong interest rates would be cut this week – possibly today – as a result of an unusually liquid interbank money market and strong demand for the local currency contributed to a sharp late rise in sbare prices.

The Hang Seng index, around 7 points higher at midsession, continued the advance, adding 25.98 on the day to close at 1,088.34. Turnover was relatively quiet, however.

The inflow of liquidity was attributed to an improved outlook for the colony's near-term financial prospects, in contrast to the current slide in Wall Street stocks.

Overnight money on the interbank lending market fell late yesterday to 2 per cent from 5 per cent last Friday and 7 per cent a week ago. One-week funds were down to 4 per cent from 6.5 per cent a week earlier and ooe month borrowings at 6.5 per cent from 7.25 per cent.

The share market also benefited from expectations of good results at a major government land auctioo today.

Among properties, Cheung Kong added 40 cents to HK$9.85, Hongkong Land 17 cents to HK$3.92 and Sun Hung Kai Properties 20 cents to HK$6.95.

TOKYO

Continued sales dent confidence

A BOUT of small-lot selling in the absence of buying support sent stock prices into a tailspin in Tokyo yesterday with high-priced issues, some utility stocks and bank issues retreating, *writes Shigeo Nishiwaki of Jiji Press.*

Selling gained pace gradually as the market continued its correction in the wake of Wall Street's further setback on Monday.

The Nikkei-Dow average tumbled 132.69 to 9,830.47, near to the low prevailing toward the end of last year. Yesterday's decline was the steepest since October 14, while trading volume remained light at 204.36m shares compared with Monday's 174.54m.

Investors who had seen stock prices rise in line with Wall Street's advance since early last year were daunted by the recent precipitous fall. Small-lot selling was widespread and foreign sales were evident.

Also shaking investor confidence was last week's surge in margin debt for the fifth straight week. It rose by a sharp Y52.5bn oo the Tokyo, Osaka and Nagoya exchanges to Y2,412.7bn, just Y100m short of the previous high of September 24 last year.

The bulge of margin debt stemmed from individual investors' beavy buying of high-prices issues on credit. As prices plunged with little buying support from foreign investors and iodustrial corporations, speculators were forced into a tight corner.

Prominent among losers were extremely high-priced issues. KDD plummeted Y750 to Y16,450 and Kyocera fell Y360 to Y9,640. Fanuc also slid Y330 to Y9,660.

Bank and electric power issues, which attracted buying interest despite in the correction pbase last week, lost ground across the board. Fuji Bank shed Y50 to Y730 and Sumitomo Bank Y25 to Y855. Tokyo Electric Power dropped Y40 to Y1,340.

Blue-chip stocks also lost across a hroad front, with Matsushita Electric Industrial sliding Y30 to Y1,760 and Sony Y110 to Y3,480.

The lack of any strong incentives brougbt bond prices to a standstill. The yield on the benchmark 7.5 per cent long-term government bond due January 1993 rose slightly to 7.395 per cent from Monday's 7.39 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19⅛	9⅛	AAR	.44	2.3	23	574	18⅞	18½	18⅝	-⅛
52⅛	30½	ACF	1.40	3.3	530	351	42⅛	41¼	42⅛	+⅛
18⅞	14⅝	AMF	.50	3.4		1014	14⅞	14⅝	14⅝	-⅛
41⅞	20¼	AMR Cp			14	4739	31⅛	30⅝	31	+¼
20⅞	16⅝	AMR	pf2.18	11.		18	19½	19¼	19½	
41½	24⅝	AMR	pf2.13	6.4		151	33	32⅞	33	+1½
16¼	3⅝	APL			17	30	11⅞	11⅝	11⅞	-⅛
56¼	36¼	ARA	2.08	4.4	10	12	47	46½	46⅝	-½
77¼	50¼	ASA	3a	5.0		860	60⅞	58⅞	60½	+2
33¼	14⅝	AVX	s .32	1.4	23	241	22⅞	22	22⅝	+½
53⅞	37⅞	AbtLab	1	2.2	18	1421	45½	44½	45⅜	+⅞
30⅞	23½	AccoW	n.60	2.3	17	219	26⅜	26	26⅜	
27½	17⅜	AcmeC	.40	1.7		137	24	23⅝	23⅞	+¼
13	8⅝	AcmeE	.32b	3.1	64	x63	10⅛	9⅞	10⅛	+¼
24⅞	9⅛	AdmDg	.04	.3	10	16	12⅞	12⅝	12⅝	-⅛
18¼	15¼	AdaEx	2.11e	14.		111	15⅝	15⅜	15½	+⅛
19⅛	7⅝	AdmMl	.28	1.7	8	x31	16⅝	16	16⅝	+¼
18⅞	8⅝	Advest	.12	1.2	9	71	9⅞	9⅝	9¾	+¼
37½	15½	AMD	s		34	2003	27⅞	26⅞	27⅞	+1⅛
24⅝	13¼	Aerflx	s		13	67	13⅜	d13¼	13¼	
43½	32⅞	AetnLf	2.64	7.5	9	1283	35½	35	35¼	-⅛
65	55¼	AetL	pf5.09e	9.0		236	56½	56⅝	56⅝	-¼
40½	24	Ahmns	1.20	4.3	7	413	27⅞	27	27⅞	
7⅛	3	Aileen				167	4	3⅞	4	+¼
51	38¼	AirPrd	1	2.4	11	261	42⅛	42	42	-¼
30⅞	19	AirbFrt	.60	2.6	14	179	23⅜	22	22¾	+⅞
3	1¼	AiMoa	s		35	107	2⅜	2⅜	2⅜	
26⅜	20	AlaP	pf1.42e	5.4		10	26½	26½	26½	-⅛
33½	29⅜	AlaP	pfA3.92	13.		55	30⅝	30½	30½	
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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
40⅞	26	Viacom	.35	1.3	17	530	27⅞	27¼	27⅜	+½
51½	31¼	Vicm	pf2.10	6.2		5	33¾	33⅝	33¾	+¼
43	36½	VaEP	pf 5	12.		z310	42	40⅝	42	+1½
66	55½	VaEP	pf7.72	13.		z340	61½	60	60½	
74½	62½	VaEP	pf9.84	13.		z370	71	70½	70½	

Continued on Page 28

Salen figures aro unoffical Yearly highn and lows reflect the previous 52 weeks plus the current week, but not the latest trading day Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new ntock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus ntock dividend. c–liquidating dividend. cld–called d–new yearly low. e–dividend declared or paid in preceding 12 months g–dividend in Canadian funds. subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E-price-earningn ratio r–dividend declared or paid in preceding 12 monthn, plus stock dividend. s–stock split Dividends begins with date of split. sls–sales t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date u–new yearly high. v–trading halted v–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants y–ex-dividend and sales in full. yld–yield. z–sales in full.

Prices at 3pm. February 14

WORLD STOCK MARKETS

CANADA

(Closing Prices) Stock	Feb 14	Vam
AMCA Int.	23	+¾
Abitibi	25¾	-
Agnico Eagle	16¾	-⅜
Alberta Energy	18⅞	-
Alcan Alumn	42	-⅝
Algoma Steel	23	-¼
Asbestos	9⅝	-
Bk Montreal	25⅞	-
Bk Nova Scotia	14⅞	-⅛
Bell Canada	31⅛	+⅛
Bombardier A	17	-
Bow Valley	23	-⅛
B.P. Canada	-	-
Brascan A	37⅛	+¼
Brinco	2.4	-0.07
B. C. Forest	12¼	-⅛
CIL Inc	30	-⅛
Cadillac Fairv.	10⅝	-
Can Cement	-	-
Can NW Energy	31½	-
Can Packers	26⅞	-
Can Trusco	47	-⅛
Can Imp Bank	30⅞	-¼
Canadian Pacific	45¾	+¼
Can. P. Ent	22¼	-⅛
Can Tyre A	11⅞	-
Carling O'Kle	15¼	+⅛
Chieftain	15⅝	-
Cominco	56¼	-⅛
Cons Bathst A	26¼	-⅜
Costain Resources	3.85	-0.05
Costain	10½	-
Denison Mines	39¼	-
Dofasco	18¾	+¼
Dome Mines	16⅝	+¼
Dome Petroleum	4.25	+0.05
Dominion Strs.	19	-
Domtar	32⅛	+⅛
Falconbridge	62	-
Genstar	25	+⅝
Giant Y'knife	22¾	-⅜
Gt West Life	-	-
Gulf Canada	16¾	-⅛
Hawk Sid Can	16¾	-⅛
Hudson's Bay	22¼	-
Husky Oil	10⅛	+⅜
Imasco	32⅝	-½
Imp Oil A	35½	-½
Inco	16½	+⅞
Indal	17	+⅛
Interpr Pipe	29½	-
LAC Minerals	-	-
Macmil Bloedel	30⅝	-¼
Marks & Spencer	13⅜	-⅜
Massey-Ferg	4.45	-0.05
McIntyre Mines	36¼	-
Mitel	14½	-
Moore Corp	51¼	-½
Nat Sea Prods A	8¼	-
Noranda Mines	23⅜	+¼
Numac Oil	12¼	+⅛
Nova Alberta	6½	-
Nthn Telecom	44¼	+1
Oakwood Pet	8⅝	-
Pancanadian Pet	22¼	-¼
Patino	10	-
Placer Devt	19⅞	+⅛
Power Corp Can	19	-⅛
Quebec Sturgeon	8½	-⅛
Ranger Oil	11¼	-⅛
Reed Stenhse A	12	-
Rio Algom	16¼	-½
Royal Bank	33⅞	-
Royal Trustco A	27½	-
Sceptre Res	5⅝	-⅛
Seagram	42⅛	+½
Simpson Sears A	-	-
Shell Can Oil	25	+⅜
Steleo	28	-
Tech B	9½	-⅛
Texaco (Canada)	38¼	-⅛
Thomson News A	37	-¼
Toronto Dom Bank	15¾	-
Transalta A	22¼	+⅛
Trans. Can. Pipe	15⅞	-⅛
Walker Hiram	25¾	-
Westcoast Trans	14⅞	+⅛
Weston (Geo)	64¾	+¾

AUSTRIA

Feb. 14	Price Sch %	+ or −
Creditanstalt	215	..
Goesser	322	−2
Interunfall	410	...
Laenderbank	215	−1
Perlmooser	334	+4
Steyr Daimler	158	+1
Veitscher Mag	211	..

BELGIUM/LUXEMBOURG

Feb. 14	Price Frs.	+ or −
[illegible]		

DENMARK

Feb. 14	Price Kr. %	+ or −
Aarhus Olie	415	..
Andelsbanken	276	−15
Baltic Skand	660	+5
CopHandelsbank	281	−7
D. Sukkerfab	795	−10
Danske Bank	313	−8
East Asiatic	192	−1
Forenede Brygg.	1,145	−55
Forenede Damp.	158	..
GNT Hldg	660	..
I.S.S.B.	666	...
Jyske Bank	636	−18
Novo Ind	2,650	−30
Privatbanken	294	−8
Provinsbanken	330	−5
Smidth (F.)	249	...
Sophus Berend.	1,316	−10
Superfos	540	+13

FRANCE

Feb. 14	Price Frs.	+ or −
Emprunt 4½% 1973	1,880	−10
Emprunt 7% 1973	8,580	−69
CNE 3%	3,350	+25
Air Liquide	520	−5
BIC	408xc	−12
Bouygues	692	−18
BSN Gervais	2,505	−30
CIT-Alcatel	1,431	−22
Carrefour	1,495	−54
Club Mediter'n	760	...
CFAO	583	−4
Cie Bancaire	456	−9
Cofimeg	216.2	+0.4
Creusot Loire	48	−8.3
Darty	831	−5
Dumez S.A.	815	−32
Eaux (Cie Gen.)	518	−8
Elf-Aquitaine	215	−4.9
Gen. Occidentale	629	−9
Imetal	77	−3.9
Lafarge Coppee	315.5	−4
L'Oreal	2,279	−21
Legrand	2,165	−10
Maisons Phenix	300	−5
Matra S.A.	1,945	−90
Michelin B.	937	−28
Midi (Cie)	1,399	−6
Moet-Hennessy	1,332	−9
Moulinex	95.2	−1.8
Nord Est	51	−1.1
Pernod Ricard	702	−15
Perrier	505	−28
Petroles Fra.	204.2	−2.8
Peugeot S.A.	231	−4
Poclain	65	−1.5
Printemps Au.	143	−1.3
Radiotech	380	−5
Redoute	1,106	−50
Roussel-Uclaf	752	...
Schneider S.A.	131	−6.2
Sefimeg	250.4	...
Skis Rossignol	1,320	−20
Telemech Elect.	1,550	−10
Thomson (CSF)	[illegible]	[illegible]
Valeo	[illegible]	[illegible]

GERMANY

Feb. 14	Price Dm.	+ or −
[illegible]		

ITALY

Feb. 14	Price Lire	+ or −
[illegible]		

NETHERLANDS

Feb. 14	Price Fls	+ or −
ACF Holding	189	...
AEGON	188	−0.5
Ahold	210.5	−2.6
AKZO	103.2	−1.9
ABN	411	...
AMEV	154	−8.8
AMRO	74	..
Bredero Cert.	194	−2
Bos Kalis Westm.	48	+0.3
Buehrmann-Tet.	63.7	−1.8
Calland Hldgs.	37.5	−0.3
Credit Lyon's Bk	58.1	−1.9
Elsevier NDU	620	+5
Gist. Brocades	151	...
Heineken	141.5	−1.5
Hoogovens	48.1	−0.4
Hunter Douglas	24.5	−0.5
Int Mueller	36.5	−0.5
KLM	177	+2
Naarden	40.1	−0.8
Nat Ned Cert	216	−8.5
Ned. Credit Bank	38.7	..
Ned Mid Bank	169	−2.5
Nedlloyd	120.5	−0.4
Oce Grinten	234	−6
Ommeren (Van)	30.1	−1.3
Pakhoed	67	...
Philips	42.2	+0.1
Rijn-Schelde	4.6	+0.1
Robeco	327.6	−2.4
Rodamco	132	..
Rolinco	321	−1.5
Rorento	208.1	.....
Royal Dutch	148.5	−1.8
Unilever	246	...
VMF Stork	98	−1
VNU	247	−2
West Utr Bank	124	−3

NORWAY

Feb. 14	Price Kroner	+ or −
Bergens Bank	156	−3
Borregaard	240	−7.5
Christiania Bk.	155	+1
Den Norske Creditb.	159	−4
Elkem	152.5	−4
Norsk Data	267.5	−0.5
Norsk Hydro	546.5	−15.5
Storebrand	200	−3

SPAIN

Feb. 14	Price Pta %	+ or −
Bco Bilbao	270	+4
[illegible]		

SWEDEN

Feb. 14	Price Kronor	+ or −
[illegible]		

SWITZERLAND

Feb. 14	Price Frs.	+ or −
[illegible]		

AUSTRALIA

Feb. 14	Price Aust $.	+ or −
ANZ Group	5.34	+0.05
Acrow Aust.	1.85	+0.1
Alliance Oil D.	0.82	+0.01
Ampol Pet.	1.7	...
Aust Cons Ind	1.75	−0.01
Aust. Guarant.	8.7	−0.05
Aust. Nat. Inds	2.55	−0.05
Aust. Paper	2.14	+0.01
Bell Group	5.3	+0.1
Bond Corp Hldgs	1.58	−0.02
Boral	3.25	+0.05
B'ville Copper	2.45	+0.05
Brambles Inds	3.1	...
Bridge Oil	3.35	..
BHP	13.4	...
CRA	5.46	+0.04
CSR	3.85	+0.05
Carlton Utd	3.83	−0.01
Castlemaine Tys.	4.27	..
Coles (G.J.)	3.65	−0.05
Comalco "A"	3.1	
Consolidated Pet.	0.92	+0.02
Costain Aust.	1.3	...
Dunlop Aust.	1.52	+0.02
E.Z. Inds.	5.64	+0.04
Elders IXL	4.35	+0.05
Energy Res	1.62	.....
Gen Prop Trust	2.04	..
Hardie (J.)	3.45	..
Hartogen Energy	2.65	−0.05
Herald W'y Times	3.35	−0.05
ICI Aust.	2.12	..
Jimb'lana 50cFP.	0.35	.....
Kiaora Gold	0.15	−0.02
Lend Lease	4.75	−0.05
MIM	3.28	−0.03
Mayne Nickless	2.58	−0.02
Meekatharra	0.8	...
Myer Emp.	1.86	−0.02
Nat. Com. Bk.	3.5	+0.05
News	11.0	+0.4
Nicholas Kiwi	3.1	.....
North Bkn Hill.	2.85	...
Oakbridge	0.99	−0.01
Otter Expl.	0.65	+0.05
Pancont'l	1.17	+0.06
Pioneer Conc	1.68	..
Reckitt & Coln	2.75	...
Repco	1.28	−0.02
Santos	7.54	−0.02
Smith (H.)	4	−0.05
Southland Min'g.	0.28	−0.01
Spargos Expl	0.38	−0.04
Thos. Natwide	2.12	+0.04
Tooth	5.06	−0.04
UMAL Cons	3.02	+0.07
Vamgas	3.3	+0.05
Western Mining	4.05	
Westpac	3.67	−0.05
Woodside Petrol.	0.98	−0.01
Woolworths	2.5	...
Wormald Intl.	3.15	..

HONG KONG

Feb. 14	Price H.K.$	+ or −
[illegible]		

JAPAN

Feb. 14	Price Yen	+ or −
[illegible]		

SINGAPORE

Feb. 14	Price $	+ or −
[illegible]		

JAPAN (continued)

Feb. 14	Price Yen	+ or −
Konishiroku	665	−5
Kubota	318	−4
Kumagai	448	+2
Kyoto Ceramic	9,640	−360
Maeda Const.	491	−4
Makino Milling	1,360	−40
Makita	1,240	...
Marubeni	271	...
Marudai	045	−6
Marui	1,150	+20
MEI	1,760	−30
M'ta Elec Works	658	−2
M'bishi Bank	740	−26
M'bishi Corp.	522	−3
M'bishi Elec.	393	−2
M'bishi Estate	450	−8
MHI	236	−5
Mitsui Co	338	−1
Mitsui Estate	686	+1
Mitsukoshi	365	−4
NGK Insulators	835	+4
Nihon Cement	205	...
Nippon Denso	1,430	−20
Nippon Elect	1,370	−30
Nippon Express	285	−4
Nippon Gakki	630	−9
Nippon Kokan	140	...
Nippon Oil	981	−29
Nippon Seiko	506	...
Nippon Shimpan	716	−6
Nippon Steel	160	−3
Nippon Suisan	314	−3
NTV	9,960	−40
Nippon Yusen	245	−1
Nissan Motor	700	−1
Nisshin Flour	442	−5
Nisshin Steel	191	−2
Nomura	730	−11
Olympus	1,000	−20
Omron Tateisi	1,870	−120
Orient Leasing	2,850	−50
Pioneer	3,230	+60
Renown	626	−10
Ricoh	995	−15
Sankyo	060	−10
Sanyo Elect.	519	−1
Sapporo	388	−7
Sekisui Prefab	665	−10
Seven Eleven	7,700	.....
Sharp	1,230	...
Shimadzu	546	−9
Shionogi	780	...
Shiseido	970	−26
Sony	3,480	−110
Stanley	745	−15
S'tomo Elect.	695	−15
S'tomo Marine	300	−10
S'tomo Metal	159	+2
Taihei Dengyo	540	.....
Taisei Corp	216	−1
Taisho Pharm.	935	−10
Takeda	716	−4
TDK	6,430	−100
Teijin	341	−14
Teikoku Oil	677	−13
Tokyo Marine	543	−2
TBS	715	−12
Tokyo Elect Pwr.	2,340	−40
Tokyo Gas	176	−5
[illegible]		

SOUTH AFRICA

Feb. 14	Price Rand	+ or −
[illegible]		

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER Nasdaq National Market

[illegible]

Continued on Page 36

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 27

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅜	11¼	Wnnbg	.10e	9	16	388	11⅝	d11⅛	11½	+⅛
12⅝	5⅝	WinterJ			21	34	7⅜	7⅛	7¼	
28½	22¼	WiscEP	2.10	7.8	7	500	27	26½	27	+⅝
85	74	WisE	pf8.90	12.		z5000	74⅛	74⅛	74⅛	−⅛
73½	62½	WisE	pf7.75	12.		z8000	66½	66½	66½	+1½
28½	23	WiscPL	2.48	9.4	7	94	26⅝	26	26½	
30½	22⅝	WiscPS	2.32	8.4	7	87	27½	27	27½	+⅝
39½	18½	Witco	e1.32	4.0	8	29	33	32½	33	+⅛
25¼	14⅛	WolvW	.48	3.2	9	71	15	14⅞	15	+½
43⅞	29½	Wometc	.44	1.0	28	192	42⅞	42⅛	42⅞	+⅛
29½	18⅛	WoodPt	.60	2.5	17	88	24⅞	24	24⅛	−½
39⅞	26⅞	Wolwth	1.80	5.7	9	168	31⅞	31⅜	31⅝	+⅛
7⅞	3⅝	WrldAr				13	4⅞	4⅛	4⅛	−⅛
25⅜	11¼	WyleLb	.24	1.4	27	31	17⅛	16⅞	16⅞	+⅛
17⅜	9⅛	Wyly				34	9⅝	9⅜	9⅝	
22⅞	14	Wynns	.60	3.5	10	41	17⅛	17⅛	17⅛	−⅛
		X-Y-Z								
52⅛	38⅞	Xerox	3	7.2	8	1737	42⅞	41½	41⅞	−⅛
53⅞	47⅞	Xerox	pf5.45	11		112	50⅛	50⅛	50⅛	
37	20	XTRA		2.5	13	86	26⅛	26	26	
34	21½	ZaleCp	1.28	4.8	11	2	26½	26⅛	26½	
21⅜	14⅞	Zapata	.84	4.4	10	659	19	18⅝	19	+⅞
52⅞	31⅛	Zayre	s.30	.9	11	299	34⅞	34	34⅜	−⅛
38⅛	13⅛	ZenithR			82	3107	27⅞	25⅛	27	+1⅜
[illegible]										

Indices

NEW YORK-DOW JONES

	Feb 14	Feb 13	Feb 10	Feb 9	Feb 8	Feb 7	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1163.84	1160.13	1160.7	1152.74	1156.3	1168.48	1286.64 (6/1)	1150.13 (13/2)	1287.2 (29/11/83)	41.22 (2/1/32)
Transport	514.87	507.81	514.55	512.82	511.66	528.72	612.63 (6/1)	507.81 (13/2)	612.63 (6/1/84)	12.23 (8/7/32)
Utilities	125.46	125.83	127.17	129.09	130.44	130.57	134.83 (6/1)	128.83 (13/2)	163.32 (20/4/69)	10.85 (28/4/42)
Trading vol 1000's†	8158	-	-	28190	8690	7648	-	-	-	-

	Feb 10	Feb 3	Jan 27	(Year Ago Approx)
Ind div yield %	4.71	4.55	4.43	4.85

STANDARD AND POORS

	Feb 14	Feb 13	Feb 10	Feb 9	Feb 8	Feb 7	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	176.32	174.18	175.82	174.58	175.01	178.39	190.64 (6/1)	174.18 (13/2)	193.22 (22/6/83)	3.62 (30/6/32)
Composite	156.61	154.95	156.3	155.42	155.85	158.74	169.28 (6/1)	154.95 (13/2)	170.99 (22/6/83)	4.4 (1/6/32)

	Feb 8	Feb 1	Jan 25	Year Ago (Approx)
Ind div yield %	4.62	3.95	3.78	4.38
Ind. P/E Ratio	12.64	13.28	13.49	11.35
Long Gov Bond Yield	11.82	11.57	11.64	11.08

N.Y.S.E. ALL COMMON

Feb 14	Feb 13	Feb 10	Feb 9	1983-84 High	1983-84 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Feb 14	Feb 13	Feb 10
Issues traded	2027	1026	2004
Rises	900	413	883
Falls	825	239	730
Unchanged	482	374	391

MONTREAL

	Feb 14	Feb 13	Feb 10	Feb 9	1983-84 High	1983-84 Low
Industrials	416.63	415.44	420.3	417.09	461.40 (6/1)	415.44 (13/2)
Combined	401.53	400.82	404.99	402.13	433.27 (6/1)	400.82 (13/2)
TORONTO Composite	-	-	-	-	2585.76 (6/1)	2400.83 (30/1)

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES; LATEST AVAILABLE

New York Active Stocks

Tuesday	Stocks Traded	3.00 p.m. Price	Change on Day
ATT Ex Dis	2,055,100	16⅛	-
ATT	1,829,800	63⅝	+⅛
Gulf Oil	1,411,700	57½	3⅝
Lilco	1,113,800	7⅝	+½
Hous N-Gas	898,100	43⅝	−3⅝
Rbt Corp	900,000	110⅝	1⅝
United Tel	823,000	20½	−⅛
Chrysler	776,400	28½	1
Ford Motor	740,600	38⅝	1⅝
Gen Elec	692,500	53⅝	1

MARKET REPORT

Optimism slowly returns and equities close on strong note with index up 9.1 at 812.1

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 30	Feb 9	Feb 10	Feb 20
Feb 13	Feb 23	Feb 24	Mar 5
Feb 27	Mar 8	Mar 9	Mar 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

New-found optimism spread slowly but surely through London equity markets and, encouraged by Wall Street advices early yesterday, the FT Industrial Ordinary share index jumped 9.1 to close at the session's best of 812.1. In the opening London trade, the U.S. market's resumed downturn overnight had again blunted investment initiative.

Speculative interest heightened as attention was diverted away from leading shares and many recognised takeover candidates enjoyed a brisk turnover. This was aroused by Hanson Trust's further increased and final offer for London Brick coupled with continuing speculation, despite Monday's official denial, that something was afoot in TI.

Soon afterwards the emphasis switched again when institutional buying of selected Electrical leaders triggered a technical recovery in the sector. Sentiment throughout equity markets quickly benefited as professionals hurriedly covered short positions opened only 24 hours earlier.

The brighter tone was assisted later by December's rise in both UK industrial and manufacturing output. Last month's increase in U.S. retail sales, the highest since May last year, which helped Wall Street yesterday, was another aid to London sentiment. After the official close of business, most blue chips remained in good heart and settled at the day's highest.

The new FTSE 100-share index caught the initial indecision, easing to 1,015.4 before rising consistently to close 8.7 up at a day's high of 1,027.0.

Sterling's late improvement against the dollar ensured Gilt-edged securities of a firm close. Earlier, business had been sporadic with investors no doubt a little short of funds through Monday's £450m call on the partly-paid Treasury 10 per cent Convertible 1990. This investment area, too, continued higher in the after-hours' trade during which longer-dated Gilts were showing gains of ¼ and sometimes more.

Brixton Estate 11¼ per cent First Mortgage Debenture 2023 fetched a premium on its debut. Stock totalling £15m was placed recently in order to finance an £8.5m freehold property purchase and, in £25-paid form yesterday, the stock fluctuated between 25⅝ and 25¼ before closing at 25⅜.

Phoenix up again

Continental Corporation's reported denial that it had sold its 24 per cent holding in Phoenix to Allianz Versicherung, failed to deter fresh speculative support of Phoenix which rose 5 more for a three-day gain of 45 to 485p. Other Composite Insurances traded quietly with General Accident closing a few pence better at 485p; the annual results are due on February 29. Life issues, however, came on offer with Prudential, 486p, and Legal and General, 524p, falling 8 and 10 respectively.

Recent speculative favourites in the banking sector met with renewed support. Minster Assets rose 4 to 137p and First National Finance Corporation gained 2½ to 65½p. Elsewhere, Charterhouse J. Rothschild put on 5 to 114p, but Hill Samuel reacted late to finish 10 down on balance at 298p. The clearers edged higher in thin trading. Lloyds, at 543p, retrieved the previous day's fall of 9, while NatWest rallied 5 to 720p. Barclays, which start the dividend season on March 5, hardened a few pence to 523p.

Two newcomers to the Unlisted Securities Market experienced contrasting fortunes. Radio Clyde, one of the UK's leading independent local radio stations, opening at 64p compared with the placing price of 60p and advanced to 68p before closing at 65p. Xyllyx, a designing developing and programming specialist of viewdata equipment, opened at a 4 discount on the placing price of 50p, but rallied to 54p before easing back to close at 50p. After Monday's resumption of dealings following a long suspension at 7p, Aberfoyle Plantations attracted renewed support and closed 4 better at 19½p, after 20p.

Leading Breweries attracted scattered support and closed at the day's best. Bass firmed 6 more to 308p and in belated response to favourable weekend comment Scottish and Newcastle rose 4 to 106p. Regionals featured Wrexham-based Border which moved up to 116p amid takeover rumours before settling a net 8 dearer at 112p; the shares are tightly-held with Whitbread Investment controlling a near-17 per cent stake.

Buildings were highlighted by London Brick which jumped 11 to 162p, after 163p; the Board has strongly rejected Hanson Trust's final increased offer of 165p per share cash, or 175p nominal of a new 8 per cent convertible loan stock 2004-09; Hanson closed 5 down at 162½p. Elsewhere, SGB found support at 138p, up 4, while Tarmac ended the same amount better at 432p. Higgs and Hill, on the other hand, eased 3 to 332p following details of the proposed £6.2m rights issue.

Publicity given to broker's Grenfell and Colegrave's upgraded profits forecast for ICI encouraged renewed support for the shares which closed 8 better at 596p; the group's preliminary results are scheduled for February 23. Elsewhere in Chemicals, Laporte revived with a gain of 8 to 368p and Scottish Agricultural put on 5 to 325p.

Jewellers wanted

Second-line Stores were again notable for widespread speculative activity, with particular attention directed towards Jewellers. Firm on Monday awaiting further developments in the bid discussions with H. Samuel, James Walker were further influenced by news that London Merchant Securities now controls a disclosable stake; speculation arose of a possible counter-approach being in the offing and J. W. advanced 12 to 160p with the non-voting shares rising a like amount to 128p. Samuel A hardened a couple of pence to 136p. Revived demand lifted Ratners 5 to 53p, and *Acsis 2 to 27p*. French Connection, strong recently on favourable mention, improved 13 further at 190p, while buyers also showed interest in Bakers Household, 4 up at 98p, and I. J. Dewhirst, 8 better at 126p. Sumrie Clothes rose 6 for a two-day gain of 24 to 140p; Mr Harvey Michael Ross now holds 23.9 per cent of the equity.

The Store leaders were generally overshadowed, although dealers reported steady support for a few issues. House of Fraser stood out with a gain of 10 to 280p amid revived speculation that Lonrho had disposed of its near-30 per cent holding. W. H. Smith A firmed a couple of pence to 136p in front of today's half-timer.

Leading Electricals staged a modest rally under the lead of Racal, which rose 8 to 200p in response to a recommendation from brokers L. Messel. BICC improved 7 to 260p and gains of 4 were achieved by GEC, 184p, and Plessey, 208p. Elsewhere, Unitech revived with a rise of 9 to 267p, while Standard Telephone and Cables, reflecting the £30m British Telecom contract, improved 4 to 284p.

TI, up 10 more at 240p, after 242p, figured prominently again amid suggestions that the name of large stakeholder may be revealed shortly. Increased buying activity was evident among secondary engineerings which recorded a number of useful gains. Porter Chadburn, still awaiting news of the bid approach from GM Firth, advanced 10 more to 112p. Speculative demand lifted Tyzack Sons and Turner 14 to 38p, after 43p, while Hampson Industries moved up 1¾ to 21½p in response to good interim results. IMI, 4 dearer at 72p, and Delta, 3½ better at 74p, were in demand, while Linread stood out with a rise of 7½ to 45p. AI Industrial Products edged up 4 more to 21p ahead of the preliminary results, due shortly. Stothert and Pitt rose 7 to 150p and Renold put on 2 to 33p.

Foods were firm but the volume of business was only moderate. Cadbury Schweppes improved 3 to 124p and Tate and Lyle hardened a couple of pence to 395p. S. and W. Berisford put on 4 to 197p as did Rowntree Mackintosh, to 236p, and United Biscuits, to 143p.

Hotels and Caterers again provided notable firm features. Grand Metropolitan stood out with a rise of 13 to 360p on buoyant U.S. first-quarter sales figures. Still excited by Stakis's acquisition of a 6.63 per cent stake in the company, speculators pushed Norfolk Capital up 5 more for a two-day jump of 9 to 55p. Prince of Wales resumed trading following details of the increased cash offer of 145p per share from Teddale Hotels and settled 8 higher at 143p.

Chubb advance

Leading miscellaneous industrials were usually a few pence cheaper although Beecham staged a modest revival to 300p, up 5. Further occasional support lifted Pilkington Bros a like amount to 265p. Elsewhere, a number of bid chestnuts came to life, Chubb advancing 13 to 167p. Rank Organisation 7 to 239p and Booker McConnell 5 to 111p after 114p. Buying ahead of today's preliminary figures left Reed Executive 7 to the good at 77p; Brook Street Bureau put on 4 to 49p in sympathy. Speculative demand lifted Armour Trust 3½ to 30½p. Peerless hardened a penny to 102p on the increased interim profits and Burco Dean firmed 3 to 24p following the chairman's annual statement. European Ferries edged up 3½ to 89p awaiting news of the proposed sale of Singer and Friedlander. Scattered support left Johnson Matthey 6 up at 268p, while other noteworthy movements included J. Bibby, 10 higher at 380p, and Toothill, a similar amount up at 130p. Applied Computer, in contrast, reacted 15 to 600p; the company announced yesterday that following the bankruptcy petition against Victor Technologies it had made formal proposals to acquire certain assets of VT. The proposals are structured in such a way that ACT would acquire full long-term rights to manufacture VT products in the UK.

GRA featured in the Leisure sector, rising 5 to 55½p in response to revived speculative support and rumours of a pending property sale. Riley Leisure added 4 at 130p.

First-half results from Fleet Holdings fully matched market expectations, and the shares, again buoyed by the prospect of the Reuters flotation, closed 5 dearer at 181p. Elsewhere, DRG, due to announce preliminary results late next month, were wanted and rose 6 at 126p, while among advertising agencies, Geers Gross rallied a similar amount to 94p. Dealings in GB Papers were resumed at 71p, 2 below the cash terms from James River.

Properties recorded their best day for some time with buyers showing a broad interest. MEPC put on 9 to 264p and Haslemere advanced 10 to 486p, while Land Securities, 358p, and Stock Conversion, 313p, rose 5 apiece.

Textiles were highlighted by a late reaction in Carpets International which were marked down to 54p before closing a net 8 lower at 58p following the gloomy report on second-half trading and expectations of a small full-year deficit. Elsewhere, a "buy" recommendation from brokers De Zoete and Bevan in the wake of the preliminary results lifted Nottingham Manufacturing 4 at 226p. Illingworth Morris "A" revived and hardened a couple of pence to a new 1983-84 high of 19p.

Tobaccos featured Bats, up 9 at 191p, after 194p, following strong U.S. support on the prospect of ADR facilities being granted in New York.

Lasmo advance

LASMO continued to attract persistent support in a generally buoyant oil market and closed a further 10 higher at 325p, after 330p, on renewed optimism over the appraisal well currently being tested on the Tiffany structure in the North Sea. Burmah were an active market on takeover speculation and ended the day 7 to the good at 190p, after 192p. Tricentrol added 5 at 205p, after 208p and Ultramar 7 at 655p, after 657p. Shell touched 615p but eased in late trading to close only 2 harder on balance at 612p. BP were a dull market, however, and drifted back to close 5 easier at 417p; the company has been given the go-ahead to commence drilling in the Firth of Clyde. Irish issues gave ground on profit-taking with Atlantic Resources 20 down at 540p and Aran Energy a fraction easier at 71p, but Bryson attracted late speculative demand and posted a 20 improvement at 265p.

Plantations responded to steady selective demand. Bertam stood out with an advance of 30 to 240p, while Rowe Evans improved 7 at 82p, and Anglo-Indonesian hardened 3 at 145p.

Golds erratic

South African Golds opened easier, depressed by the lack of U.S. enthusiasm overnight, and continued to drift in the early trading. The emergence of persistent speculative buying and unfounded rumours later that President Reagan had suffered a heart attack prompted a flurry of intense activity, however. The latter lifted heavyweight issues by as much as a full point just prior to the official close.

A swift denial of the rumours put an immediate damper on proceedings and share prices finally reverted, more or less, to their lower pre-lunch levels. Bullion fell to around $375 in initial dealings but was said to have approached the $390 level prior to closing a net $2.5 up on balance at $378.75.

The Gold Mines index eventually showed a 12.2 decline at 577.7—a loss of 27 points over the past four trading days.

Vaal Reefs closed a net £1⅛ off at £79, and Buffels and Southvaal dipped a point apiece to £37½ and £40½ respectively. Cheaper-priced golds showed Vlakfontein 15 lower at 201p and Marievale a like amount easier at 257p.

Financials ended the day with widespread losses. "Amgold" were £1¼ weaker at £76½ and De Beers a further 7 off at 564p—a two-day decline of 31.

A firm showing by domestic equities and the sharp rally in metal prices boosted London issues. Gold Fields added 5 at 558p and Charter Consolidated 4 more at 237p.

Impala were a firm feature in Platinums and moved up 15 to 940p following the increased interim dividend and profits. Rustenburg suffered in comparison and eased 5 to 770p.

The recent sharp fall in Australians was brought to a halt by a steady performance by overnight Sydney and Melbourne markets. Business in London remained at a low level until the President Reagan rumours when golds moved ahead before retreating to close little changed on balance.

Leading diversified stocks improved late with gains of between 2 and 4 common to Bougainville, 160p, CRA, 360p, and Western Mining, 267p. Speculative issues were highlighted by the junior oil exploration stocks which improved strongly on rumours of a further oil discovery in the Turtle well drilled off the coast of Western Australia. Canada Northwest jumped 5 to 39p, while gains of around a penny were common to Caltus Pacific, 20p, and York Resources, 29p.

After Monday's setback, demand for Traded Options reverted to the relatively buoyant levels seen of late with 3,135 contracts struck—2,314 calls and 821 puts. Once again, much of the attention centred on Lonrho positions where 759 calls, 190 in the February 130's, and 379 puts were done. ICI, preliminary results due in the second leg of the current Account, attracted 351 calls, 138 in the April 650's. Grand Metropolitan was also in demand with 312 calls and 107 puts transacted.

FINANCIAL TIMES STOCK INDICES

	Feb. 14	Feb. 13	Feb. 10	Feb. 9	Feb. 8	Feb. 7	year ago
Government Secs	82.72	82.60	82.49	82.37	82.55	82.56	79.70
Fixed Interest	86.81	86.81	87.15	87.15	87.15	87.22	86.21
Industrial Ord.	812.1	803.0	805.4	801.3	805.0	799.7	661.9
Gold Mines	577.7	589.9	593.3	596.9	604.7	583.7	734.7
Ord. Div. Yield	4.53	4.58	4.51	4.51	4.49	4.01	4.55
Earnings, Yld.% (full)	2.45	2.54	2.51	2.49	2.48	2.51	9.99
P/E Ratio (net) (*)	12.93	12.84	12.87	12.86	12.94	12.90	12.50
Total bargains	23,092	23,978	24,131	23,313	24,828	24,007	24,019
Equity turnover £m.	—	214.07	306.59	294.73	299.59	327.43	217.12
Equity bargains	—	22,039	20,536	20,069	19,722	27,787	20,749
Shares traded (ml)	—	141.4	188.1	107.0	147.4	176.9	144.9

10 am 804.1. 11 am 806.9. Noon 807.9. 1 pm 808.3. 2 pm 808.7. 3 pm 810.8.

Basis 100 Govt. Secs. 5/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. *Nil=12.10.

HIGHS AND LOWS

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.47 (30/1/84)	79.03 (1/2/83)	100.4 (26/11/47)	50.53 (3/1/75)
Ind. Ord.	840.3 (25/1/84)	098.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.0 (1/11/83)	734.7 (15/2/83)	43.0 (26/10/71)

S.E. ACTIVITY

	Feb. 15	Feb. 10
—Daily		
Gilt Edged Bargains	165.5	138.8
Equities Bargains	146.0	133.0
Value	439.7	517.9
5-day Average		
Gilt Edged Bargains	133.2	156.4
Equities Bargains	137.0	138.8
Value	582.5	504.8

FTSE 100 INDEX

Close .... 1027.0 (+8.7)
Day's high .... 1027.0 (3.45 pm)
Day's low .... 1015.4 (9.35 am)
(Base value=1000 (Jan 3 1984))

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon's close	Day's change
Phoenix Assur.	28	480	+30
TI	17	230	+12
Style	15	250	−20
Sumrie Clothes	13	134	+19
GRA	12	50½	+3
Kent (J'hn) Nw	12	39	—
LASMO	12	310	+10
Pict Petroleum	12	150	−5
Lonrho	10	136	+2
Bula Resources	10	33	+3
House of Fraser	10	270	+6
Manganese Brz.	10	42	+8
Porter Chadb'n	10	102	+7
Glaxo	8	750	—

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Feb 14 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 13 Index No.	Fri Feb 10 Index No.	Thur Feb 9 Index No.	Wed Feb 8 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (205)	[illegible]	+1.2	8.78	3.68	14.75	478.86	478.99	475.37	479.55	451.83
2 Building Materials (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	465.48	465.00	464.75	468.35	437.04
3 Contracting, Construction (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	733.42	731.12	731.19	731.54	798.24
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1670.87	1670.01	1658.67	1684.52	1686.54
5 Electronics (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (196)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (47)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (484)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (121)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (747)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues Feb 14	Day's change %	Mon Feb 13	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	118.56	+0.13	118.47	0.06	1.22
2 5-15 years	130.91	+0.38	130.41	0.50	2.13
3 Over 15 years	141.26	+0.31	140.85	—	0.58
4 Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]
5 All stocks	130.64	+0.24	129.98	0.25	1.50
6 Debentures and Loans	106.86	+0.09	106.77	—	[illegible]
7 Preference	83.57	+0.42	83.26	1.05	1.34

AVERAGE GROSS REDEMPTION YIELDS	Tues Feb 14	Mon Feb 13	Year ago (approx)
British Government			
1 Low Coupons 5 years	9.68	9.71	8.95
2 Low Coupons 15 years	10.19	10.21	10.48
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	[illegible]	[illegible]	Aberfoyle Plants 5p	19½	+4	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Assoc. Energy Ser. 5p	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	CML Micro's tems 10p	199	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cable & Wireless 50p	143	+2	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Crossprint Hldgs 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Gibbs Mew	210	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Grosvenor Sq. Pp. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Kent (John) 5p	39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Radio Clyde N/V	65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Symbolic 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Unibond	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	V G Instruments 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Vtain Potton Int'l 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Welpac 10p	18½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Xyllyx 10p	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	—	[illegible]	[illegible]	Allied Textile 10% Cnv. Uns. Ln. 1993	128	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Atlantis Inv. Tst. 7% Cnv. Red. Com. Prf.	105	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	BAT Inds. 12½% Uns. Ln. 2003/08	102	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Fltg. Rate Cap. Nts. 1985-90	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brixton Est. 11¼pc 1st Mort. Deb. 2023	25⅜	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bulmer (H.P.) 9½% 2nd Cum. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ell (U.K.) 10¾% Uns. Ln. 1991	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int. Sig. & Con. 9.5% Cv. Ln. 2003	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kensington & Chelsea 11¼% Red. 2006	100	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Shop Prop. 9pc Cnv. 94-99	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC 10¾pc 1st Mort. Deb. 2024	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide 10¼% Bds. 28/1/85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 10¼pc 16/1/85	100	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Province de Quebec 12¼% Ln. 2020	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Queens Moat 12¼ 1st Mort. Deb. 2013	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rochdale Met. Bor. 11¼% Red. 2006	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Slough Ests. 10¾% Uns. Ln. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Spain 12¼% Ln. 1989	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Carlton Communications 5p	410	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Daggo Linked Units	350	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ellis & Everard	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Harman Smith 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jones (Edward) 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Meggitt 5p	48	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Sketchley	28pm	−3

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	June 11
Mar 5	Mar 16	June 14	June 25

For rate indications see end of Share Information Service

Money was given for the call of Reliance Industrial, Bowater, Brunswick Oil, Oliver Prospecting, Burmah Oil, Gestetner A, AI Industrial Products, UKO, Evode, Distillers, Minster Assets, First National Finance, Charterhall and Spear and Jackson. Puts were done in Hawley, Stylo and Inchcape, while doubles were transacted in A. G. Stanley, Acorn Computer and Armour Trust.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds.	191	+9
Burmah Oil	190	+7
Fleet Hldgs.	181	+5
Grand Metropolitan	360	+13
ICI	596	+8
LASMO	325	+10
London Brick	162	+11
Phoenix Assurance	485	+5
Porter Chadburn	112	+10
Racal Elect.	200	+8
Walker (Jas.) N/V	128	+12
Vaal Reefs	£79	−1⅛

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	2	22
Corpns Dom & Foreign Bonds	8	—	69
Industrials	328	222	863
Financial & Props	710	715	300
Oils	29	26	66
Plantations	8	4	10
Mines	20	74	77
Others	32	75	65
Totals	813	518	1,472

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (69)

BRITISH FUNDS (10)
Exchqr. 3pc 1984; Treas. 3pc 1985; Treas. 3pc 1986; Exchqr. 2½pc 1986; Exchqr. 2½pc 1987; Exchqr. 10pc 1989; Treas. 5pc 1986-89; Treas. 10pc Cnv. 1990 (£65 pd.); Fndg. 5¼pc 1987-91; Exchqr. 13¼pc 1996

BREWERS (1)
Border Breweries

CHEMICALS (1)
Scot. Agricultural

STORES (6)
French Connection; House of Fraser; Sumrie Clothes; Walker (Jas.); Do. N-V; Ward White

ELECTRICALS (4)
Int. Sig. & Control; Newman Inds. 10pc Cnv. Pt. Pref.; Rotaflex; Suter

ENGINEERING (10)
AI Ind. Products; Birmid Qualcast; Brockhouse; Linread; Porter Chadburn; Rotork; 600 Group; Stothert & Pitt; TI; Wadkin

HOTELS (2)
Inn Leisure; Norfolk Capital

INDUSTRIALS (13)
Avon Rubber; Brook St. Bureau; Copydex; Courtney Pope; Dinkie Heel; Dollands Photo.; Euro. Ferries; Hewitt (J.); PCT; Reed Executive; Spear (J. W.); Toothill (R. W.); W Ribbons

INSURANCE (1)
Bryant (Derek)

LEISURE (2)
GRA; Tyne Tees TV A N-V

PAPER (3)
British Printing; DRG; G.B. Papers

PROPERTY (6)
Capital & Counties; Control Sec.; Country & N. Town; Edmond Hldgs.; Prop. Sec. Inv. Trust; Rosehaugh

TEXTILES (2)
Foster (John); Illingworth Morris A

OILS (3)
Berkeley Explrtn.; Brunswick Oil; Cambridge Pet.

OVERSEAS TRADERS (1)
Lonrho

PLANTATIONS (4)
Anglo-Indonesian; Bertam Hldgs.; Assam-Dooars; Lawrie

NEW LOWS (9)

AMERICANS (1)
SCA Services Inc.

BREWERS (1)
Boddingtons

BUILDINGS (1)
Wiggins Group

ELECTRICALS (2)
Arlen Elect.; Imm. Bus. Systems

FOODS (1)
Park Food

INDUSTRIALS (2)
Malamet; Sec. Services A N-V

SOUTH AFRICANS (1)
Kirsh Trading

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C $350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$386.50
GOLD C (further series)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P (series)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
SILVER C / SILVER P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C / AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.103.40
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C / AMRO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C / HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.141.50
HOOG C / HOOG P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.46.10
KLM C / KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.177
NN C / NN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C / PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.48.10
RD C / RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.148.50
UNIL C / UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RO C / RO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MANH C DM.150	100	1	—	—	—	—	DM142.50
EOE C F.143 (Apr.)	10	21	—	—	—	—	F.168.06

TOTAL VOLUME IN CONTRACTS: 25,460

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*420)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*554)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*137)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*182)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*360)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*598)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secur. (*358)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*219)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*612)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Barclays (*524)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*160)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*325)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*140)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*566)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*200)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*639)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
Beecham (*300)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*208)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$800)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guest Keen (*250)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*163)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Feb. 14. Total Contracts, 3,135 Calls 2,314. Puts 821.
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104¾	100½	Exchequer 14pc 1984	101⅛	.....	15.84	9.43
98¼	92½	Exch. 3pc 1984	98¼	+¼	3.06	0.78
102½	100½	Treasury 12pc 1984	101½	.....	11.84	9.51
107½	104½	Treasury 15pc 1985	105½xd	.....	14.28	9.66
107	101¼	Exch. 12pc Cnv. '85	102¾xd	–⅛	11.78	9.54
94¾	89⅝	Treasury 3pc 1985	94¾	+¼	3.18	7.69
102½	99⅞	Treasury 11½pc 1985	102⅜	+¼	11.23	9.65
102	95	Treas 8¼pc Cnv '85	99¾xd	+¼	8.80	9.28
103¼	100½	Exch. 12¼pc 1985	103¼	+¼	11.89	10.02
103½	99½	Exch. 11¾pc '86	102½xd	+¼	11.41	10.11
102¾	97¼	Treas 10pc Cnv 1986	100¾	+½	9.94	9.68
89¼	85⅝	Treasury 3pc 1986	89¼	+¼	3.35	8.24
101¼	97¼	Exch. 10½pc Cv '86	101⅛	+¼	10.40	10.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1983-84 High	Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
35⅛	22¼	Abbott Labs.II	31⅛	..	$1.60	—	2.2
34⅛	17⅞	Alcoa 1$	26⅝		$1.20	—	3.2
19½	13⅜	Amax $1	16¾xd	+¼	20c	—	0.8
18⅝	875p	Amdahl	10½	–⅛	20c	—	1.3
32⅛	19⅛	Amer. Express $0.60	20¼	+¼	$1.28	—	4.5
24⅞	14⅝	Amer. Medical Intl. $1	17⅞	–⅛	48c	—	1.9
34¼	20⅝	Amer. Nat. Res. $1	31¼	–1⅛	$3.16	—	7.0
47⅞	36¼	American T. & T. Co.	44⅞	+⅛	$5.40	—	8.5
21½	14	Amfac Inc.	19¼xd	–⅛	$1.44	—	5.2
15⅛	12	Bank America Corpn	14⅞xd	–⅛	$1.52	—	7.2
35½	22¼	Bankers N.Y. $10	32¼	–⅛	$2.25	—	4.4
20⅞	11⅞	Beth Steel $8	17½	.....	60c	—	2.4
31½	21⅞	Brown'g Fer. c16⅔	24¼	–½	96c	—	2.8
23½	10⅝	Brunswick Corpn.$	18½	+⅛	60c	—	2.3
29	22¼	C.P.C. 25c	26⅝	–⅛	$2.20	—	5.8
44⅞	28⅞	Campbell Soup	41	–½	$2.30	—	4.0
35¼	24½	Caterpillar $1	31⅛	–½	$1.50	—	3.4
39¼	25	Chase M'htn $12.5	35¼xd	+¼	$3.50	—	7.0
36½	26¼	Chemical N.Y. Corpn	34½	.....	$3.54	—	7.3
29⅞	24⅝	Chesebrough $1	26¼	+¼	$1.84	—	4.9
22¼	11	Chrysler $6¼	20⅛	–½	60c	—	2.1
29½	20¼	Citicorp $4	25⅞	–⅛	$1.68	—	5.1
29⅞	17	City Inv. $1.25	22½	–½	$1.80	—	5.6
16⅞	11⅞	Colgate-P. $1	14¼	.....	$1.28	—	6.1
40	19¼	Colt Inds. $1	33¼	+⅛	$2.20	—	4.6
20⅜	12⅛	Cons. Foods $1⅓	19	.....	$1.16	—	6.1
16⅞	12	Cont. Illinois $5	14¼	+⅛	$2.00	—	9.9
27	17¼	Crown Zell. $5	22	–⅓	$1.00	—	3.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
280	186	AMEC 50p	211	–5	19.0	—	6.3	—
•196	160	Aberdeen Const.	162	+2	16.5	3.0	5.7	8.2
23	10	Allied Plant 5p	19½	.....	6—	—	—	—
40	22	Amco Ind Hldgs	30	.....	—	—	—	—
84	53	Arncliffe 10p	76	.....	2.66	2.4	5.0	(9.5)
297	233	BPB Inds. 50p	268	+1	10.0	3.5	5.2	15.6
140	70	Baggeridge Brk.	130	.....	5.23	♦	5.7	♦
33	15	Bailey Ben 10p	27	.....	1.2	3.1	6.4	6.1
276	162	Barratt Dev. 10p	278	+2	7.41	2.5	5.9	8.9
34	16	Beechwood 10p	17	.....	‡1.5	3.0	‡	3.2
•137	105	Bellway	129	.....	7.0	2.1	8.1	7.6
73	41	Benford M. 10p	69	.....	13.48	1.7	7.2	11.3
60	43	Bett Bros. 20p	53xd	.....	2.65	♦	7.1	♦
375	205	Blockleys 20p	355	.....	†10.0	2.3	4.0	15.4
483	381	Blue Circle £1	417	–1	18.25	5.2	6.3	5.4
216	168	Breedon Lime	204	–2	h7.2	1.1	5.0	26.8
73	46	Brickhouse Dudley 10p	48	.....	3.2	1.0	9.5	9.8
70	36	Brit. Dredging	65	.....	†1.0	0.2	2.2	—
30	13	Brown Jksn. 20p	19	.....	—	—	—	—
76	48	Brownlee	62	.....	†h2.87	2.8	6.6	9.8
74	49	Bryant Hldgs.	67	+3	2.2	2.2	4.7	8.5
457	125	Burnett & Hallam	150	–5	h5.75	4.9	7.8	3.4
57½	46	C'bread Roby 10p	52	.....	†2.7	1.9	7.4	8.6
96	65	Carr (John)	80	.....	h1.24	♦	2.2	11.5
61½	39	Cement Roadstone	59	–1	20.75	1.5	‡	8.6
62	45	Comben Gp. 10p	52	.....	2.55	1.8	7.0	21.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
52	32½	MCD Group	51		10.0	2.2	2.8	23.3
		For MMT Computing see Electricals						
29	16	M.Y. Dart 10p	24½		10.25	—	1.4	—
212	134	M'Cntry Ph 20p	151	+2	7.0	2.8	6.7	6.6
148	128	MacFarlane Gp	144	+1	3.52	2.1	3.5	17.6
38	22	Maclellan 20p	37		d1.5	1.6	5.8	13.3
63	31	Macpherson (D.)	54		4.3	0.8	11.3	13.6
56	41	Magnolia Group	55	+1	2.1	3.2	5.5	7.1
72	48	Malling Ind. 10p	60		—	—	—	—
183	65	Man. Ship. £1	182	+4				
80	33	Marley	82					
86	64	Marling Ind. 10p	76		4.1	1.5	7.7	12.7
70	36	Marsh L'ry 'A'	56		3.56	1.4	7.0	13.2
34	25	Marshall's Univ	30		1.2			
99	57	Martin-Black	97					
133	60	Matthews W.)	108					
352	194	Metal Box £1	332					
166	104	Metal Closures	148					
[illegible]								

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
		Australians					
28½	13½	♥ACM 20c	16½	−½	—	—	—
52	28	♥Alkane Expl NL	32	......	—	—	—
10½	3¼	♥Asia Oil & Mins.	4½	......	—	—	—
40	9	♥Australis Mng. NL	23	......	—	—	—
33	11	♥Balmoral Res	31	+2	—	—	—
60	29	♥Black Hill Mins.	30	−1	—	—	—
104	51	♥Bond Corp	104	......	Q10c	0.7	6.5
183	116	♥Bougainville 1 Kina	160	+2	mQ3 21	1.2	1.2
396	204	♥CRA $2	360	+4	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	77	+1	—	—	—
44	25	♥Central Kalgoorlie	36	......	—	—	—
43	18	♥Central Pacific	21½	......	—	—	—
9	2¾	♥Cons Gold Mng Areas.	3¼	......	—	—	—
17	5	♥Coopers Res N.L.	7½	......	—	—	—
255	183	♥Crusader Oil	220	......	—	—	—
28½	8	♥Cultus Pac NL	20	+1	—	—	—
19	7	♥Eagle Corp 10c	10¾	......	—	—	—
224	96	♥Emperor Mines	222	......	—	—	—
16½	8	♥Endeavour 20c	14	−½	—	—	—
58	17	♥Enterprise Gld Mines	31	......	—	—	—
810	500	♥GM Kalgoorlie 25c	610	......	hQ10c	♦	1.1
24½	6	♥Gt. Eastern Mines	22½	+½	—	—	—
32	9	♥Great Victoria Gold	29	......	—	—	—
32	15½	♥Haoma NW	21	......	—	—	—
92	26	♥Hill Minerals N.L.	32	......	—	—	—
41	15	♥Intnl Mining	20	+1	—	—	—
20	5	♥Ivanhoe Gld. N L	9½	+½	—	—	—
100	25	♥Jingellic Minerals	35	......	—	—	—
42	15	♥Kalbara Min 20c	17½	......	—	—	—
36	9	♥Keywest Invs.	32½	+½	—	—	—
134	54	♥Kitchener NL 25c	82	−2	—	—	—
180	50	♥Meekatharra 25c	56	......	—	—	—
58	24	♥Metals Ex 50c	40	......	—	—	—
300	22	♥Metana Minerals N.L.	158	......	—	—	—
52	23	♥Metramar Mns 20c	42	+2	—	—	—
279	214	♥MIM Hldgs. 50c	218	......	Q5c	1.5	1.5
16	5	♥Mincorp 20c	15½	−½	—	—	—
8	3	♥Minefields Expl 25c	4	......	—	—	—
46	23	♥Newmetal 20c	30	−2	—	—	—
215	128	♥North B Hill 50c	184	−1	tQ8c	1.4	2.9
90	38	Nth. Kalgurli	74	−1	—	—	—
86	58	♥Oakbridge 50c	64	......	Q7c	1.5	7.5
57	23	♥Otter Expl'n NL	40	+½	—	—	—
150	64	♥Pancont'l 25c	74	......	—	—	—
9½	4	♥Pan Pacific Pet NL	7	......	—	—	—
75	35	Parmo Mng & Expl	60	......	—	—	—
[illegible]							

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] issue. [illegible] Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. x Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	76	......	Fin. 13% 97/02	£97½	......
Craig & Rose £1	900	......	Alliance Gas	85	......
Finlay Pkg. 5p	46	......	Arnott	217	......
Higsons Brew.	85	+3	CPI Hldgs.	92	......
Holt (Jos) 25p	890	......	Carrol Inds.	116	−4
I.O.M. Stm. £1	122	......	Hall (R. & H.)	61	−2
			Heiton Hldgs.	25	......
			Irish Ropes	56	......
IRISH			Jacob (W. & R.)	67	......
Exch. 12% 1985	£99	......	T.M.G.	70	......
Nat 9¾% 84/89	£86¾	......	Unidare	77	......

For Bridgewater see Property

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	10	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	20	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20	**Oils**	
Burton Ord.	38	Midland Bank	42		
Cadburys	11	N.E.I.	10	Brit. Oil & Min.	6
Courtaulds	11	Nat. West. Bank	55	Brit. Petroleum	35
Debenhams	14	P & O Dfd.	22	Burmah Oil	16
Distillers	20	Plessey	20	Charterhall	8
Dunlop	5	Racal Elect.	10	Premier	5
Eagle Star	60	R.H.M.	7	Shell	50
F.N.F.C.	6½	Rank Org. Ord.	19	Tricentrol	20
Gen. Accident	42	Reed Intnl.	34	Ultramar	60
Gen. Electric	17	Sears	0		
Glaxo	75	T.I.	14	**Mines**	
Grand Met.	30	Tesco	16		
G.U.S. 'A'	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G.K.N.	16	Turner & Newall	8	Lonrho	8
Hawker Sidd	32	Unilever	75	Rio T. Zinc	58

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

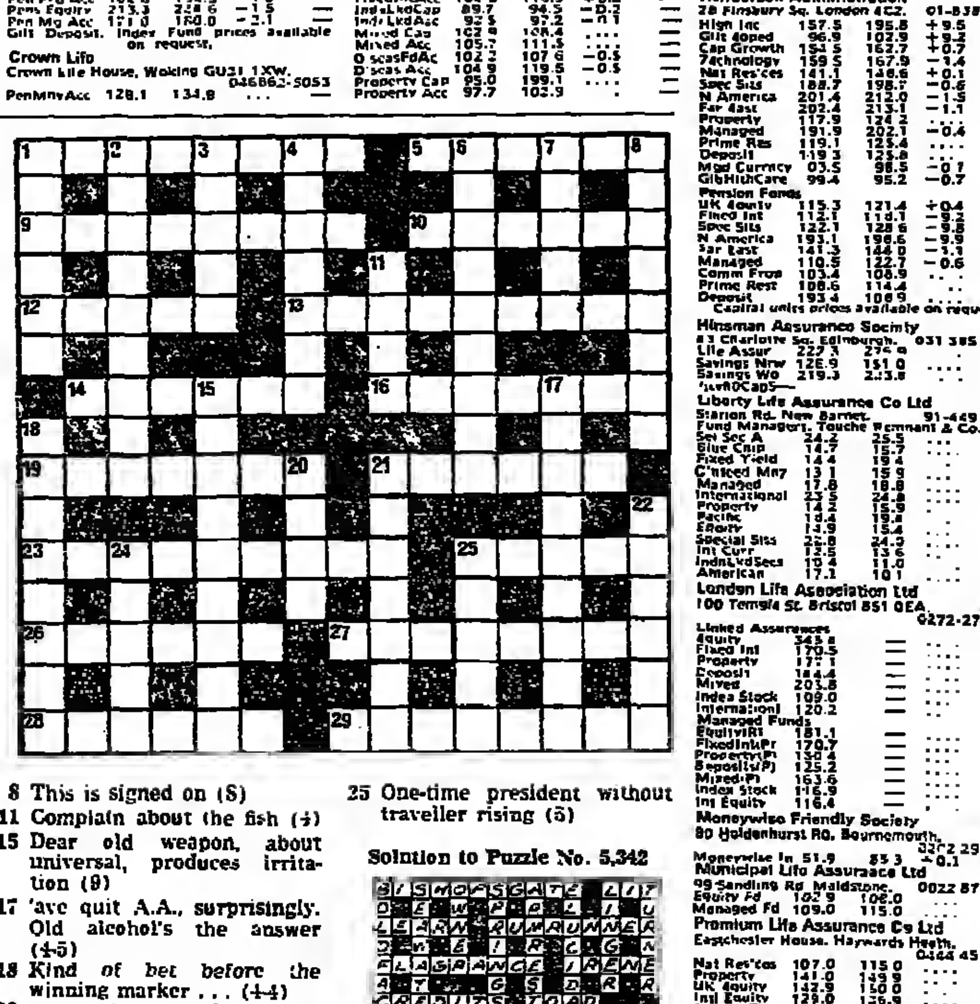
Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,343



ACROSS

1 Try the train? It's a centre of activity (4-4)
5 and 10 The author of the year? (6, 6)
9 Spongy bulb is opening up initially after replanting (8)
10 See 5
12 Redecorating her in flower (5)
13 Small, bright, observers (5, 4)
14 Captain loses lead taken in the morning (6)
16 Secretive army person (7)
19 Regularly after dark, near telly—not getting 2 and 3 (7)
21 Quiet offensiveness unites the platform (6)
23 Certain letters are surrounded thus (9)
25 Tea-provider round tea-time provides a turning-point (5)
26 Shape of outside broadcast to yearn for (6)
27 Poor Ted's demolished thick slice (8)
28 It's followed through body in medicine (6)
29 Beauty is said to be courteous in spring (4-4)

DOWN

1 Neckwear, we hear, on stream for execution (6)
2 Sinking money on branch-line (9)
3 You French measure up the hat trimming (5)
4 Excessive fat can make one weep (7)
6 Rid barley of certain mould. It catches worms (5, 4)
7 Some instruments are applied to rushes (5)
8 This is signed on (8)
11 Complain about the fish (4)
15 Dear old weapon, about universal, produces irritation (9)
17 'ave quit A.A., surprisingly. Old alcohol's the answer (4-5)
18 Kind of bet before the winning marker . . . (4-4)
20 . . . pays out, we hear, from the dogs? (4)
21 Get extra in eruption in field (7)
22 Plug for non-retirement? (4, 2)
24 House in Yeovil landscape (5)
25 One-time president without traveller rising (5)

Solution to Puzzle No. 5,342

INSURANCE & OVERSEAS MANAGED FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey 0534 74517

Offshore Gt	$1.148	1.221	-0.05	1.00

Phoenix International
PO Box 77, St Peter Port, Guern 0481 26741

Inter-Dollar Fund	$4.01	4.33		—
Far East Fund	$3.56	3.83		—
Intl Currency Fund	$1.73	1.87		—
Dollar Fxd Int Fund	$3.82	4.12		—
Ster Exempt Gilt Fd	£2.33	2.51		—

Providence Capitol International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£1.613	1.735		—
Intl Stockmarket	$1.049	1.129		—
World Technology	$1.337	1.438		—
N. Am Stockmarket	$1.027	7.106		—
Far East	$1.080	1.163		—
UK Fixed Interest	£1.422	1.530		—
Intl Fixed Int.	$1.121	1.206		—
Intl Currency	$1.048	1.128		—
Intl Money Market	$1.102	1.186		—
U.K. Money Market	£1.058	1.139		—
Stlg Mangd. Fd	£1.316	1.417		—
Dollar Mangd. Fd.	$1.127	1.213		—

Savings Target Rate £7.50/$7.75
Prices on Feb 8 Next dealing Feb 15

Far Quest Fund Man. (Jersey)
see Royal Trust Intl Mngt.

Quilter/Hemeld Commodities
31-45, Gresham Street, EC2V 7LH 01-600 4777

Resource Fund	$138.47	—		2.16

Next dealing date March 1.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas, IoM. 0624 29696.

Bond Fund	£1.23	1.265	+0.05	8.42

[illegible]

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM 0624 25015

Wren Com Fund	24.0	25.0		—
Chinese Fund	60.9	63.4		—
Precious Metal Fund	126.5	131.7		—
Vanguard Cmdy. Fd.	34.6	35.5		—
Financial Futures Fd.	60.8	61.3		—
Wren Intl Fnd *	$0.731	0.761		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. n Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Farmers 'must unite' against EEC proposals

BY RICHARD MOONEY

BRITISH FARMERS must unite to ensure that agriculture is not sacrificed in an attempt to balance the EEC budget, Sir Richard Butler, president of the National Farmers' Union, told the union's annual conference in London yesterday.

Many proposals from the EEC Commission seemed to be designed specifically to damage British agriculture and the interests of British consumers, he said.

Sir Richard acknowledged that changes were needed in EEC support systems but he insisted that they must be gradual and that a proper framework of agricultural support should be maintained.

"We are facing a four-fold threat from Brussels," he warned, "tough price proposals, a massive revaluation of the green pound; harsh measures to adapt the CAP (common agricultural policy); and a general undermining of the system of support."

Sir Richard was especially angry at the proposal to revalue the green pound—the artificial exchange rate at which EEC support prices are translated into national currencies. It would hit UK farmers' incomes and make them less competitive with Continental farmers, but the proposed revaluation would not save the EEC or consumers any significant amount of money, he claimed.

Following a year in which the farming industry's image was badly tarnished by the results of careless straw-burning, the NFU president stressed the need for a concerted public relations drive.

"One of our greatest challenges is to win the minds as well as the hearts of the British people," he told the meeting. "We must tell the public how we keep prices down, how we help the balance of payments and just how many jobs depend on us. We can also point to shops stocked with a rich variety of home-produced food at reasonable prices and to our support for the fabric of life in the countryside.

"Convincing argument must be our weapon and unity must be our strength," Sir Richard said.

Unity was hardly the keynote of the proceedings which followed the president's speech, however. Contributions from speaker after speaker illustrated the deeping rift between the union's livestock-producing and cereal-growing members. Pig and poultry producers in particular were quick to blame their financial problems on the high cost of grain which was keeping their arable farming neighbours relatively prosperous. "I'm sick of seeing cereal farmers growing fat at my expense," said one.

Speakers also had harsh words for Mr Michael Jopling, Minister of Agriculture, and for the union itself.

"Our present Minister is weak-kneed and indecisive," said one Derbyshire farmer.

Sir Richard Butler

Cocoa prices down £60.50

By Our Commodities Staff

COCOA PRICES turned sharply downwards again yesterday with the May futures quotation on the London market ending £60.50 lower at £1,537 a tonne.

The fall ended a 3-day rise which had added £54.50 to the May position and was encouraged by a weak overnight performance in New York which was extended when New York opened lower again yesterday.

In the absence of clear fundamental news dealers attributed the decline to chartist and stop-loss selling. There was talk of another large Ghanaian state purchases figure for this week, but this remained unconfirmed.

● INDIA expects to harvest a record 12.5m tonnes of oilseeds in the year ending October, up from 10.6m in the previous year, Mr Rao Birendra Singh, Agriculture Minister said.

● MANAGEMENT and unions involved in a dispute over manning levels at the oilseed crushing plant of Continental (London) at Seaforth, Merseyside, are to hold talks at the plant tomorrow.

● PHILIPPINES coconut production fell to 1.9m tonnes in copra terms from 2.1m tonnes in 1982 due to a drought, the United Coconut Association of the Philippines said.

● THE U.S. Agriculture Department said three more premises in the Pennsylvania/New Jersey/Maryland quarantine area have been found infected with pathogenic avian flu, a deadly poultry disease, bringing the number of infected premises in the area to 273.

● U.S. cotton exports in the 1983/84 season are forecast at 6.8m bales (480 lb net), up 500,000 bales from the January forecast and 300,000 above the previous season's level, the U.S. Agriculture Department said.

Fall in world supply of coarse grains

BY NANCY DUNNE IN WASHINGTON

THE WORLD'S supply of coarse grains this year will be at its lowest level since 1975-76, but world wheat stocks will soar to their highest level in 15 years, the U.S. Department of Agriculture reported here.

In its global supply and demand estimates, the department said that a "substantial reduction in production prospects in South Africa and Brazil" is expected to outweigh improved expectations for Argentina's coarse grain crops. As a result it reduced last month's global output projection by 2m tonnes to 687m tonnes, 12 per cent below last year.

Meanwhile, the department raised its consumption estimate by nearly 3m tonnes to a record 782m, reducing by almost 4m tonnes the projected 1983-84 carryover. At 63m tonnes, the carryover stands at the lowest level since 1975-76.

The expected world stocks-to-use ratio for coarse grains this crop year is 8.2 per cent, the lowest on record, the department said.

Although coarse grain supplies are shrinking, the wheat outlook is more bountiful than ever. The world production forecast was raised 1m tonnes and consumption was adjusted upwards by less than half a million, further adding to already large stocks.

The current projected 1983-84 wheat carryover of 105m tonnes would surpass the previous year's level by more than 8 per cent, making it the largest since 1968-69.

The department also forecast slightly lower prices for soyabeans, at $275-300 a tonne, changed because of a lower meal price outlook. Soya meal use as a domestic feed dropped 17 per cent in the last quarter of 1983 and the department expects use to continue to decline below last year until prices fall further.

● HAMBURG—The worst of the soyabean shortage is likely to occur in June/September this year, according to Oil World, Hamburg-based newsletter.

It said there is a great danger that South American soyabean crops will bring less relief to the market than expected, as the crops in other soya-producing countries are likely to decline. As a result, considerable supply tightness can be expected before the next U.S. harvest which starts in October.

Turbulent times in Costa Rica's banana plantations

Tim Coone on a battle with the multinationals

THE banana industry in Costa Rica is again set to become a critical political and economic issue. With exports of around 50m boxes per year, Costa Rica is the second biggest exporter of bananas in the world. Banana exports represent 23-25 per cent of the country's export earnings and the industry employs almost 40,000 people. It is a key sector in the economy and the ever-delicate relationship between the multinational banana companies, the government and the banana workers is again on the boil.

All the foreign banana companies operating in Costa Rica—Standard Fruit, United Fruit and Del Monte, claim that Costa Rica is the highest cost producer in the world. They cite higher wages and high disease control costs, but the biggest irritant of all for the companies is the $1 export tax per box. The Union of Banana Exporting Countries (Upeb) agreed to impose the tax in 1974 to secure a fairer return for the exporting countries from the expanding banana trade. However, only Costa Rica has ever imposed the tax fully, and then not until 1981, while all the other Upeb countries have successively succumbed to pressure from the companies to reduce the taxes. Costa Rica is now feeling the pinch. Besides the tax, the companies are also complaining of poor infrastructure, high port tariffs and inefficient loading facilities at the new banana terminal at Moin Port, and are either tacitly or openly threatening to cut back production.

United Fruit has already grubbed out 3,000 hectares of plantations on the Pacific coast and is replacing them with African oilpalm. The remaining 3,000 hectares are to go the same way, says Mr Richard Johnson, director of United Fruit in Costa Rica, because their Pacific coast operations cannot compete with Ecuadorian and Nicaraguan bananas to the U.S. West Coast market, or with Colombian bananas to the Gulf and European markets. He said that, as a result of the transfer to oilpalm production: "Our banana output will probably fall by 5m boxes this year."

Production cost figures are hard to obtain, however. Mr Rafael Bolanos, head of a social science research unit at the University of Costa Rica and a former Standard Fruit employee, said: "Even within the company it is practically impossible to obtain figures on true production costs. They are a closely guarded secret because the companies like to claim that every country is a high cost producer in negotiations with the governments."

Sr Carlos Rojas, Costa Rica's representative in Upeb, agrees. He said: "With the devaluation of the currency here, it is just not true to say that Costa Rican production costs are any higher than those in Panama for example."

United Fruit's shift to oil-palm has produced violent clashes in the past year with the banana workers' union over heavy job losses (oilpalm requires a third of the labour input of bananas) and with workers who have invaded abandoned banana lands.

Sr Rojas said: "Exports this year will remain at around 50m boxes. They cannot be allowed to fall." He said negotiations are presently under way between the Government and United Fruit over possible arrangements to buy out the Pacific coast plantations and turn them over to workers' co-operatives or to run them as joint enterprises with United Fruit. "I don't think they are interested in selling their plantations though," Sr Rojas said. "What they really want is to remove the tax and that is what the battle is about."

The tax has already been reduced temporarily to 75 cents per box, in spite of a high in the banana market. The reduction will be reviewed in March and clearly the companies are hoping for a further reduction.

The Government is in a bind. Banana export taxes bring in revenue of almost $50m per year. The country is undergoing a foreign exchange crisis and is under heavy pressure from the International Monetary Fund to cut government spending, increase tax revenues and fuel, electricity and other tariffs. Sharp price rises last year caused widespread protest, causing the Government to backtrack. The Costa Rican Communist Party (PVP), which is powerful among the banana workers, is committed to a much more militant line this year after a serious division in its ranks. This could lead to confrontations in the plantations

Negotiations on all fronts are still being held behind closed doors, but after the annual cycle peaks out in two months another turbulent period lies in wait for Costa Rica's banana industry.

Grain donations increase

BY JOHN EDWARDS

SHIPMENTS OF grain under the Food Aid Convention rose to 9.12m tonnes in 1982-83, compared with 7.92m the previous year, the Food Aid Committee announced yesterday.

In value terms, the overall cost to donor member countries of the convention was about $2bn, including substantial additional voluntary contributions to cover transportation expenses.

The biggest donor was the U.S., which provided 5.86m tonnes—64 per cent of the total. The EEC was next with 1.60m tonnes (18 per cent); Canada 0.8m (9 per cent); Australia 0.33m (4 per cent) and Japan 0.31m (3 per cent).

The aid was distributed to nearly 100 developing countries, but shipments to Africa alone amounted to 4.7m tonnes, more than half the total.

A significant proportion of the aid took the form of "triangular" transaction, often involving the purchase of grain from developing countries, such as Thailand or Zimbabwe.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper values edged higher in early trading, reflecting overnight gains in the U.S., but rose sharply during the mid-afternoon on rumours that President Reagan had suffered a heart attack. A subsequent denial of the rumours saw prices retreat with forward metal closing the late kerb at £1,014.5, after £1,022. Lead closed at £293.5, Zinc at £688.25 and Tin at £8,660. Aluminium was finally £1,074.25 and Nickel £3,323.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	993-.5	+10.5	996-7	+11.7
3 months	1015-.5	+10	1015.5-6	+10
Settlem't	993.5	+19.5	—	—
Cathodes				
Cash	984-5	+12.5	985-6	+12.2
3 months	1002.5-3	+10.5	1004-5	+11
Settlem't	985	+12.5	—	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £994, 93.50, 93, three months £1010.50, 11, 11.50, 12, 13, 12.50, 13, 13.50, 14, 13.50. Cathodes: Three months £1002.50, 03. Kerb: Higher grade, three months £1013.50, 13. Afternoon: Higher grade, three months £1018, 17, 16.50, 16, 14, 15, 15.50, 16. Cathodes: Cash £985, three months

nese was again extensive and purchases ranged over numerous qualities. Users concentrated on keeping supplies on a regular basis and demand broadened in African and Middle Eastern styles.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3263-9	—1.5	3245-50	—12.5
3 months	3348-4	—9	3326-7	—12.5

Nickel—Morning: Three months £3350, 55, 45, 43. Afternoon: Three months £3335, 31, 35, 25. Kerb: Three months £3325, 30, 25, 22. Turnover: 660 tonnes.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 2,475-2,580.

BISMUTH: European free market, min 99.99 per cent, $ per lb, in warehouse, ingots 1.05-1.11, sticks 1.05-1.12.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.35-28.50	—
Iranian Light	27.60-27.75	+0.02
Arab Heavy	26.50-26.65	+0.07
North Sea (Forties)	29.15-29.25	—0.2
North Sea (Brent)	29.30-29.45	—0.05
African BonnyL'ht	30.40-29.60	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	258-272	—
Gas Oil	246-252	—1.5
Heavy fuel oil	171-176	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	240.50	—3.00	242.75-40.00
Mar	230.50	—2.25	240.75-30.50
April	237.00	—1.25	237.50-35.75
May	234.50	—1.00	235.00-33.00
June	234.50	—0.25	264.25-32.75
July	234.60	—4.75	235.50-04.50
Aug	235.75	—4.00	235.00
Sept	858.00	—3.25	259.00
Oct	241.50	—3.00	—

Turnover: 1,738 (1,885) lots of 100 tonnes.

GOLD MARKETS

Gold moved erratically, rising sharply and then falling back as rumours about President Reagan's poor health were denied by the White House. The metal opened at $374½-375, and touched a low of $374¼-374¾, before climbing to a peak of $387-388 in the afternoon, and closing at $379½-380, a rise of $2½ on the day.

In Paris the 12½ kilo gold bar was fixed at FFr 101,750 per ounce ($374.70 per ounce) in the afternoon, compared with FFr 101,750 ($374.97) in the morning, and FFr 102,300 ($377.78) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,135 per kilo ($375.75 per ounce), against DM 33,355 ($378.99), and closed at $377-377½, compared with $376½-377.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $375 per ounce, against $377.60.

In Zurich gold finished at $384-384½, compared with $376½-377.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Feb	369.00	—	—
April	383.50-85.90	+4.85	382.00-18.20
June	305.00-55.50	+5.30	—
Aug	398.50-00.00	+4.60	389.90-92.80
Oct	405.00-07.00	+4.65	—
Dec	412.00-14.30	+4.60	408.70

Turnover: 422 lots of 100 troy ounces.

	Feb. 14		Feb. 15	
Gold Bullion (fine ounce)				
Close	$379½-380	(£266¾-267¼)	$377-377½	(£265¾-266¼)
Opening	$374½-376	(£264½-260)	$377¾-378¼	(£266¼-266¾)
Morning fixing	$374.95	(£264.553)	$377.60	(£268.126)
Afternoon fixing	$376	(£264.938)	$37?.25	(£265.762)

Gold and Platinum Coins Feb. 14

Krugrnd	$301-301¼	(£274¾-275¼)	King Sov	$01-09½	(£64.64)
½ Krug.	$201¾-202½	(£141¾-142¼)	Victoria Sov	$91-02½	(£54-66)
¼ Krug.	$103-103¾	(£72¼-73¾)	French 20s	$74¾-76½	(£59½-53¾)
1/10 Krug.	$42-42¾	(£20½-30)	50 Pesos Mex	$463-465	(£325¼-326¾)
Mapleleaf	$390¾-301¼	(£274½-274¾)	100 Cor.Aust	$366-370	(£257-260)
New Sov	$89¾-90	(£62¾-63¼)	$20 Eagles	$540-560	(£379¼-386¼)
½ New Sov.	$53½-54¼	(£37½-38)	Noble (Plat.)	$394¼-398¼	(£277¾-280½)

EUROPEAN MARKETS

ROTTERDAM, February 14.

Wheat—(U.S. $ per tonne): U.S. two red winter March 148.50, April 150, May 149, June 15/July 15 145. U.S. two northern spring 14 per cent protein Feb 189, March 190, April/May 172.75, May 172, June 172, July 170.75, August 167.25, Sept 164.75, Oct 166.75. U.S. three amber durum April/May 167, June 186, July 186, August 182, Sept 178, Oct 180, Nov 182. Canadian western spring April/May 204, Jan 203, Nov 197.

PARIS, Feb. 14.

Cocoa—(FFr per 100 kg): Mar 2222/2245, May 2269/2276, July 2248 bid, Sep 2245/2380, Dec 2210/2230, Mar 2206/2226, May 2205/2225.

Sugar—(FFr per tonne): Mar 1565/1585, May 1655 value, Aug 1710/1715, Oct 1785/1790, Dec 1850/1865, Mar 2005/2010.

AMERICAN MARKETS

NEW YORK, February 14

Copper prices were strong on technically oriented buying and heavy arbitrage support, reports Heinold Commodities. ... a strong precious metals markets. Precious metals traded nervously against a background of rumours concerning the health of President Reagan. Neither gold or silver could hold their ...

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to ease

The dollar closed at its lowest level of the year against the D-mark in currency markets yesterday. The fall came despite a higher than expected 2.2 per cent rise in U.S. retail sales in January. This figure compared with market estimates of up to 1.5 per cent and was the first indication of how strong U.S. industrial growth may be in the first quarter of 1984. However, the figure has been rather volatile in the past and the market is anxiously awaiting industrial production figures due later this week.

The dollar dipped briefly on rumours that Presideot Reagan was suffering from ill health. This was later denied by official sources but the dollar failed to recover. It closed st DM 2.7330 from DM 2.7375 against the D-mark and SwFr 2.2290 compared with SwFr 2.2375. It was also lower against the Japanese yen at Y234.25 from Y234.35. It *was quoted* at *FFr 8.4350 from* FFr 8.42 against the French franc but trading in secondary currencies was rather thin, giving rise to wide quotations. On Bank of England figures, the dollar's trade weighted index was unchanged at 130.1.

STERLING — *Trading range against the dollar in 1983-84 is* 1.6245 to 1.3955. January average 1.4080. Trade-weighted index 81.8 from 81.6 at noon and 81.5 at the opening and compared with 81.6 on Monday and 85.1 six months ago.

Sterling beoefited from the dollar's overall weakness to finish higher on the day. It opened at $1.4160 and touched s low of $1.4140 before recovering to finish at $1.4230-1.4240, a rise of 55 points. Against the D-mark it rose to DM 3.8925 from DM 3.8850 and FFr 12.0050 from FFr 11.94. It was also higher against the yen at Y333.75 from Y332.50 but was unchanged against the Swiss franc at SwFr 3.1750.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. January average 2.8109. Trade-weighted index 125.4 against 124.7 six months ago.

The D-mark was firmer against most of its EMS partners at the Frankfurt fixing, but lost ground to the dollar and sterling. The Bundesbank did not intervene wheo the dollar was fixed at DM 2.7430 compared with DM 2.7371, aheed of the U.S. retail sales figures. These showed a larger rise than expected, but failed to give the U.S. currency any support in later trading. Sterling rose to DM 3.8850 from DM 3.8810, and the Swiss franc to DM 1.2248 from DM 1.2229. Within the EMS the Belgian franc was fixed at its floor of DM 4.8820 per 100 francs, compared with DM 4.8840, bot the Bundesbank did not give support to the Belgien currency. The French franc fell to DM 32.470 per 100 francs from DM 32.485.

FRENCH FRANC — Trading range against the dollar in 1983-1984 is 8.6850 to 6.6060. January average 8.5932. Trade-weighted index 65.8 against 67.3 six months ago.

The franc weakened at the Paris fixing, losing ground to the dollar, sterling and members of the EMS. The dollar improved to FFr 8.4460 from FFr 8.4225, and the pound to FFr 11.9650 from FFr 11.9380. The D-mark cootinued to advance, after setting several records in receot days. It was fixed at an all time peak of FFr 3.07097, compared with FFr 3.0778 on Mooday. There seemed to be little effort by the Bank of France to stem the D-mark's riso bowever, as the German unit remained well below its maximum intervention level of FFr 3.1363. The Dutch guilder climbed to FFr 2.7308 from FFr 2.7298, and the weak Belgian franc to FFr 15.0380 from FFr 15.0310.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9575	+2.35	+1.93	±1.5447
Danish Krone ...	8.14104	8.17049	+0.36	−0.06	±1.6425
German D-Mark	2.24184	2.24516	+0.15	−0.27	±1.0642
French Franc ...	6.87456	6.91733	+0.62	+0.20	±1.4052
Dutch Guilder ...	2.52595	2.53085	+0.19	−0.23	±1.4964
Irish Punt	0.72569	0.727275	+0.22	−0.20	±1.6689
Italian Lira	1403.49	1380.28	−1.65	−1.65	±4.1506

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Feb. 14	Prev. close
Spot	$1.4325-4340	unavailable
1 month	0.06-0.09 dis	—
3 months	0.23-0.27 dis	—
12 months	0.98-1.08 dis	—

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4140-1.4250*	1.4230-1.4240	0.05-0.10c dis	−0.63	0.21-0.26dis	−0.66
Canada	1.7650-1.7775	1.7755-1.7765	0.03-0.13c dis	−0.54	0.22-0.32dis	−0.61
Nethlnd.	4.35½-4.40	4.38½-4.39½	1¼-⅞c pm	3.07	3¼-3⅛ pm	3.19
Belgium	79.30-80.00	79.80-79.90	5-15c dis	−1.50	47-57 dis	−2.60
Denmark	14.12-14.18	14.16-14.17	1⅞-2⅝ore dis	−1.91	6½-7½ dis	−1.98
Ireland	1.2580-1.2640	1.2600-1.2610	0.28-0.34p dis	−2.95	0.84-0.96dis	−2.89
W. Ger.	3.87½-3.90	3.88½-3.89½	1¼-1pf pm	3.06	3½-3 pm	3.34
Portugal	191.75-194.00	193.25-193.75	[illegible]	[illegible]	[illegible]	[illegible]
Spain	220.75-222.00	222.00-222.20	[illegible]	[illegible]	[illegible]	[illegible]
Italy	2357-2401	2397-2399	[illegible]	[illegible]	[illegible]	[illegible]
Norway	10.89-11.06	11.05-11.06	[illegible]	[illegible]	[illegible]	[illegible]
France	11.93-12.02	12.00-12.01	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	11.46-11.54	11.53-11.54	[illegible]	[illegible]	[illegible]	[illegible]
Japan	331-334¼	333½-334½	[illegible]	[illegible]	[illegible]	[illegible]
Austria	27.25-27.50	27.42-27.47	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	3.15½-3.18¼	3.17-3.18	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 81.85-82.05. Six-month forward dollar 0.45-0.50c dis. 12-month 0.98-1.08c dis. * Feb. 13—The day's spread should have read 1.4160-1.4210.

THE DOLLAR SPOT AND FORWARD

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4140-1.4250	1.4230-1.4240	0.05-0.10c dis	−0.63	0.21-0.26dis	−0.66
Ireland†	1.1235-1.1305	1.1285-1.1295	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.2470-1.2485	1.2470-1.2475	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd	3.0815-3.0935	3.0815-3.0835	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	56.07-56.25	56.10-56.12	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	9.9200-9.9800	9.9225-9.9275	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	2.7300-2.7500	2.7325-2.7335	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	135.70-136.40	135.90-136.30	[illegible]	[illegible]	[illegible]	[illegible]
Spain	155.50-156.25	155.55-155.65	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	7.7550-7.7750	7.7575-7.7625	[illegible]	[illegible]	[illegible]	[illegible]
France	8.4225-8.4725	8.4325-8.4375	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	8.0600-8.1100	8.0825-8.0875	[illegible]	[illegible]	[illegible]	[illegible]
Japan	234.10-234.75	234.20-234.30	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	2.2230-2.2400	2.2285-2.2295	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.60-57.65.

OTHER CURRENCIES

Feb. 14	£	$		£ Note Rates
Argentina Peso...	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar.	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro...	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka...	[illegible]	[illegible]	France	[illegible]
Greek Drachma.	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial...	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar(KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar..	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham...	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Feb. 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Belgian Fr.	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Feb 13 unavailable.

EXCHANGE CROSS RATES

Feb. 14	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.424	3.893	333.8	12.005	3.175	4.390	2396	1.775	79.85
U.S. Dollar	0.702	1.	2.733	234.3	8.430	2.229	3.083	1685	1.248	56.11
Deutschemark	0.257	0.366	1.	85.74	3.084	0.816	1.128	616.1	0.456	20.51
Japanese Yen 1,000	2.996	4.268	11.66	1000.	35.97	9.513	13.15	7185	5.321	239.3
French Franc 10	0.833	1.186	3.242	278.0	10.	2.645	3.657	1998	1.479	66.51
Swiss Franc	0.315	0.448	1.226	105.1	3.781	1.	1.383	755.3	0.559	25.15
Dutch Guilder	0.228	0.324	0.887	76.03	2.735	0.723	1.	546.2	0.404	18.19
Italian Lira 1,000	0.417	0.594	1.623	139.2	5.006	1.324	1.831	1000.	0.740	33.30
Canadian Dollar	0.563	0.802	2.193	187.9	6.760	1.788	2.472	1350.	1.	44.98
Belgian Franc 100	1.252	1.783	4.875	418.0	15.03	3.976	5.496	3003.	2.224	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): [illegible]. Long-term Eurodollars two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates little changed

Interest rates were virtually unchanged in the London money market yesterday in rather dull and featureless trading. Three-month interbank money was quoted at 9¼-9⅛ per cent, unchanged from Monday as was the bid rate on three-month eligible bank bills at 8⅞-8 13/16 per cent.

Overnight interbank money opened at 9¼-9⅛ per cent and eased initially to 9 per cent before climbing to a high of 9½ per cent. Rates fell away later in the day to 9 per cent but funds were bid towards the close at 9¼ per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £317m and the unwinding of previous sale and repurchase agreements £454m. These were partly offset by Exchequer transactions adding £500m to the system.

The Bank gave assistance in the morning of £149m, comprising purchases of £7m of eligible bank bills in band 1 (up to 14 days) at 9⅛ per cent and in band 2 (15-33 days) £69m of eligible bank bills at 9 per cent. In band 3 (34-63 days) it bought £11m of eligible bank bills at 8⅞ per cent and in band 4 (64-91 days) £4m of Treasury bills, £3m of local authority bills and £55m of eligible bank bills all at 8¾ per cent.

The Bank gave further assistance in the afternoon of £53m comprising purchases of £12m of eligible bank bills in band 2 at 9 per cent and £2m in band 3 at 8⅞ per cent. In band 4 it bought £4m of Treasury bills, £3m of local authority bills and £32m of eligible bank bills all at 8¾ per cent. The Bank also provided a late round of assistance worth around £10m.

In Frankfurt call money was quoted at 5.5-5.55 per cent, unchanged from Monday in quiet trading. Commercial banks were reasonably well placed with reserve requirements but there was a small increase in borrowing through the Lombard facility on Monday, reflecting a DM 700m shortfall in the new offer of the latest repurchase agreement in relation to Monday's expiring facility. Funds borrowed on the Lombard rate rose to 4.2bn on Monday compared with DM 2.9bn on Friday.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Feb. 14	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]							
Intervention		[illegible]						

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 14 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]		[illegible]
Nine months	[illegible]	[illegible]	[illegible]							
One year	[illegible]	[illegible]	[illegible]							

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING 11.00 a.m. February 14)

3 months U.S. dollars	
bid 9 7/8	offer 10

6 months U.S. dollars	
bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]		
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]					
Three years		10¼				
Four years		10½				
Five years		11				

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7 1984 (inclusive): 9.493 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5¾ per cent. Treasury Bills: Average tender rates of discount 8.8550 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 months 10⅛ per cent. Under £100,000 9⅛ per cent from February 5. Deposits held under Series 4-5 10⅝ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10⅞
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	9.00
Two month	9.00
Three month	9.05
Six month	9.15
One year	9.14

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Gilts firm

Sterling denominated interest rate contracts finished at or near the highest levels of the day on the London International Financial Futures Exchange yesterday, and firmer than the previous settlement figures, although trading was rather subdued, continuing a trend seen recently, particularly in three-month sterling deposit futures.

Three-month Eurodollar's also closed near the day's peak, but slightly below Monday's finishing level. March delivery opened at 90.13, and drifted down to a low of 90.08. The highest point touched was 90.15, and the contract closed at 90.14, a fall from 90.15 previously.

Dealors commonted that although the rise of 2.2 per cent in U.S. January industrial production was above December's increase of 0.1 per cent, and was much higher than the expected *figure of about 1 to 1.5 per cent,* the market showed little reaction.

It was also suggested that this tends to be an erratic statistic, and the market remains worried about the U.S. economy.

Long-term gilts for March delivery opened at 108.13, and fell to a low of 108.09. British industrial production figures, showing a rise of 0.6 per cent, against 0.4 per cent in November, with manufacturing output increasing 0.9 per cent, compared with 0.3 per cent, had no significant impact, but the contract rallied as the dollar fell back.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.14	90.15	90.08	90.15
June	89.65	89.68	89.61	89.68
Sept	89.34	89.36	89.30	89.37
Dec	89.06	89.08	89.03	89.08
March	89.77	88.80	89.77	89.82

Volume 3,417 (1,621)
Previous day's open int. 12,067 (12,002)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Volume 582 (291)
Previous day's open int. 5,831 (5,861)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-24	108-26	108-09	108-13
June	108-02	108-02	107-24	107-21
Sept	107-14	—	—	107-01
Dec	106-30	—	—	106-22
March	106-14	—	—	106-19

Volume 3,137 (1,333)
Previous day's open int. 3,851 (4,064)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 18 to 28 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4220	1.4220	1.4180	1.4206
June	1.4242	1.4242	1.4190	1.4230
Sept	1.4265	—	—	1.4250

Volume 198 (112)
Previous day's open int. 2,391 (2,405)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3662	0.3670	0.3655	0.3666
June	0.3698	—	—	0.3702
Sept	0.3731	—	—	0.3736

Volume 46 (58)
Previous day's open int. 388 (389)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4506	0.4515	0.4488	0.4495
June	0.4577	—	—	0.4565
Sept	—	—	—	0.4646

Volume 26 (15)
Previous day's open int. 175 (172)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4279	0.4279	0.4273	0.4281
June	0.4317	—	—	0.4318
Sept	—	—	—	—

Volume 162 (7)
Previous day's open int. 288 (282)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-29	70-02	69-19	69-23
June	69-09	69-13	68-30	69-03
Sept	68-22	68-27	68-13	68-16
Dec	68-06	68-08	67-28	67-31
March	67-22	67-23	67-17	67-15
June	67-07	67-07	67-07	67-00
Sept	66-26	66-26	66-23	66-18
Dec	66-14	66-14	69-14	66-05

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept				[illegible]
Dec				[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4250	1.4400	1.4150	1.4200
June	1.4375	1.4435	1.4175	1.4225
Sept	1.4410	1.4410	1.4220	1.4250
Dec	1.4435	1.4435	1.4245	1.4275
March	1.4460	1.4460	1.4270	1.4300

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	—	—	—	[illegible]
June	—	—	—	[illegible]
Sept	—	—	—	[illegible]
Dec	—	—	—	[illegible]

COMPANY NOTICES

CITY OF OSLO
8¾% 1974/1992
UA 12,000,000 Loan

We inform the Bondholders that the annual redemption of UA 800,000 due on April 1, 1984 has been effected by purchase on the market. Amount outstanding: UA 7,000,000.

The Fiscal Agent
KREDIETBANK
SA LUXEMBOURGEOISE

Luxembourg
February 15, 1984

BANK HANDLOWY W. WARSZAWIE S.A.

Floating Rate Note Issue of US$30,000,000 1979/89

The rate of interest applicable for the six months period beginning on February 14 1984 and set by the reference agent is 11⅛% annually.

AUCTION

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INT'L CAPITAL MARKETS

Record low coupon for Sankyo Seiki

BY MARY ANN SIEGHART IN LONDON

THE lowest ever coupon oo a Eurodollar coovertible bood was awarded yesterday to Sankyo Seiki's $40m issue, launcbed last week througb Nikko Securities. The bood will pay 3¾ per cent at par, less than the 3½ per ceot indicated at the time of issue.

The conversion price of Y1,689 represented a premium of 7.58 per cent over yesterday's closing stock price of Y1,570. The issue traded yesterday at a price of about 101.

Activity io both the Eurodollar straight and floating rate note markets was low yesterday. The fixed-rate sector drifted down sligbtly oo bearish sentimeot filtering througb from the New York market.

The floating rate sector, meanwhile, is still tryiog to absorb last week's $2bo worth of oew issues.

In the Belgian domestic market, the European Iovestmeot Bank is raising BFr 3.5bn througb a seven-year bond paying an 11½ per ceot coupon. Lead managers Banque Bruxelles Lambert, Kredietbank and Société Générale de Banque will price the deal oo February 23.

Io Switzerland, Kyushu Electric Power's S100m, eigbt-year public issue was given a 5⅝ per cent coupon at par by lead manager SBC, ¼ point less than the iodicated yield. To compensate, investors will be allowed to redeem their bonds at par after five years, an opbioo extremely rare io this market.

BHF Bank bond average		
Feb 14		Previous
98.853		98.839
High	1983-84	Low
102.017		97.699

● Electricité de France is raisiog Y20bn through a ten-year syndicated credit led by Iodustrial Bank of Japan and Mitsubishi Trust and Bankiog, *writes Peter Montagnon, Euromarkets correspondent.* The credit will be divided into two tranches of Y10bo each. One will be a fixed interest credit at a margio of 0.2 per ceot over the Japanese long-term prime rate. The other will bear a floating rate of ioterest at 0.1 per cent over prime.

Industrial Bank of Japan is also leadiog a Y5bo, eight-year credit for Portugal. *Interest will be fixed at* 0.2 per cent over prime and repayments begin after a grace period of four years.

Ecu 75m issue for St-Gobain

By David Marsh in Paris

SAINT-GOBAIN, the nationalised Freoch glass, pipes and engineering group, is planning an internatiooal premiere through the issue of *titres participatifs* (TPs) (non-voting loan stock) denominated io European Currency Units (Ecu), the EEC's currency cocktail.

The flotation, for about Ecu 75m ($61m) is expected to be made during the next mooth or two and will be intended for international investors. The issue will be quoted on the Luxembourg stock exchange and definite conditions have not yet beeo decided.

Saint-Gobain was the first French state-owned group last year to make a domestic issue of TPs, which are intermediate in character betweeo bonds and shares as they carry a yield partly linked to the borrower's financial performance. In Saint-Gobaio's case, the yield will be indexed partly for its profits in coming years.

The issue made last Marcb was for FFr 700m ($83m) with warrants attached allowing stockholders to subscribe to fresb portions of the stock oo a continuous basis.

OVER-THE-COUNTER — Nasdaq National Market

Continued from Page 28

Stock	Sales (Hnds)	High	Low	Last	Chng
Stratus	93	11½	10½	11½	+½
[illegible]					

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 14.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia Comm 11¼ 90	100	99⅞	100⅜	−0⅛	−0½	11.10
Australia Comm 11½ 95	300	97	97½	0	−0¼	11.93
Australia Comm 11¼ 90	100	97⅝	97⅞	−0⅛	−0⅛	11.85
Bank of Tokyo 11⅞ 90	100	99⅜	99⅞	+0⅛	−0⅛	12.19
Beneficial O/S Fin 12 91	100	95¼	95¾	−0½	−0⅛	12.79
Bristol Fin 11⅞ 90	125	99½	100	0	−0⅝	11.50
Canada 10⅞ 88	500	98½	99	+0⅛	0	11.20
C.C.C.E. 12⅝ 95	75	99⅞	100⅜	−0⅛	−0⅝	12.57
Citicorp O/S 10⅞ 90	100	91½	92	0	−0⅛	12.32
Citicorp O/S 11¾ 90	100	98⅛	98⅝	0	−0⅛	12.06
Den Norsk Cred 11⅛ 93	50	92¼	92¾	−0⅛	−0⅜	12.64
D.N.C. 11¾ 91 WW	50	95⅝	96⅛	−0⅝	−0⅛	12.61
D.N.C. 11¾ 91 XW	50	94⅞	95⅜	0	+0⅛	12.73
Denmark Kingdom 12¼ 93	100	98⅞	99⅜	0	+0⅛	12.35
E.C.S.C. 11⅞ 90	75	98	98½	−0⅛	−0⅛	12.81
[illegible]						

	Issued	Bid	Offer	Change on day	week	Yield
Int-Am Dev Bk 7⅞ 93	15	102⅞	103⅜	+0⅛	0	7.40
New Zealand 7⅞ 89	15	103⅞	104⅜	0	−0⅛	5.79
World Bank 7⅝ 93	20	102½	103¼	+0⅛	−0⅛	7.29

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
British Col Hyd 12 93 CS	125	97⅞	98⅜	0	−0⅛	12.34
Brit Col Tel 12¼ 99 CS	70	99	99½	0	−0⅛	12.36
E.I.B. 12⅛ 91 CS	80†	98⅛	98⅝	+0⅛	+0⅛	12.44
Loblaw 12½ 90 CS	351	97⅞	98⅜	0	−0⅛	12.91
Montreal City of 12 90 CS	50†	98	98½	−0⅛	−0⅜	12.37
Royal Trstco 12⅝ 88 CS	50†	101⅜	101⅞	+0⅛	+0¼	12.12
World Bank 12¼ 90 CS	15†	100½	101	0	−0⅛	12.04
CFE Bancaire 11 90 ECU	31	99	99½	0	0	11.11
SDR France 11⅝ 95 ECU	20	101⅞	102⅛	−0⅛	0	11.34
Algemene Bank 8¼ 88 Fl	150	102⅞	103⅛	+0¼	+0⅛	7.81
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Murata 3½ 98	2/84	2938	116¾	117¾	+0⅛	8.72
Nippon Oil Co 5½ 98	4/83	964	108	109	−1	2.26
Nissan Motor 5¾ 98	4/83	780	101¾	102¾	−0⅝	0.21
Olympus Optical 6¾ 97	12/82	1157	104⅝	105⅝	−1½	7.12
Orient Leasing 5¼ 98	9/83	2688	102⅞	103⅞	−2	−6.89
Secom 5 98	11/83	2920	159⅝	160⅝	−5	−2.28
Yamaichi Sec Co 5 98	0/83	449.5	99½	101	−0½	−2.88
Yamanouchi Pharm'cal 4 90	10/83	1808	98⅛	99⅛	−0⅛	28.34
Bridge Oil 4¾ 93 SF	3/84	3.43	109¾	111¾	+0¼	22.23
Nippon Airway 2¾ 94 SF	2/84	354	98⅛	100⅛	0	−2.28
Toshiba 2¾ 94 SF	1/84	391	108	110	−0¾	4.20
Asics 5 92 DM	12/83	520	105⅝	106⅝	−0⅝	14.77
Sun Realty 6⅛ 92 DM	2/83	385	124⅛	125⅛	−0½	−6.47

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 6⅝ 92	15	107⅜	108⅛	+0⅛	+0½	7.37
E.I.B. 6⅝ 92	15	103¾	104½	+0⅛	+0⅛	7.56

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cn. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.